

FINANCIAL TIMES French elections

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A STATE OF THE PARTY OF THE PAR

How the National Front threatens Juppé

Special report, Page 2

Is it finally turning the corner?

Time Warner



WEDNESDAY MAY 14 1997

Cvber-commerce

Industry. Net's collapse shakes optimism



Today's survey Czech Industry and Investment

Industry leaders seek single law for EU companies



An attempt to break the 25-year deadlock on proposals for a single European company statute has been mounted by industrial experts led by Viscount Etienne Davignon (left), chairman of Société Générale de Belgique. The statute would allow companies

id Business Newspaper http://www.FT.com

more than one member state to be governed by one law, applicable in all EU countries. At present businesses have to tailor their operations to comply with up to 15 different sets of company laws which critics says adds huge administrative costs. Page 14; The waiting game, Page 12

Afhania in turmoff: Albania was plunged into political turmoil as opposition parties said they would boycott next month's general election over the refusal of President Sali Berisha's Democratic party to modify the controversial

Price cuts hit Deutsche Telekom: Deutsche Telekom's revenues from outgoing international telephone calls fell by almost 20 per cent last year, taking the edge off strong annual results. The company blames price cuts and stiff competition. Page 15; Lex, Page 14; Bidders for Retevision, Page 18

Eurotunnel told to improve safety: Eurotunnel, which operates the Channel tunnel between England and France, was ordered to tighten safety procedures after an inquiry into the tunnel fire of last November found "fundamental weaknesses" in the company's safety management, Page 9

Bank says UK rates should rise: The newly independent Bank of England warned that UK interest rates would need to rise because domestic spending was growing too quickly to keep inflation under control.

Costs cut Mintendo profits: Japanese games group Nintendo, which is vying with Sony for market dominance, reported an 8 per cent fall in annual me-tax profits to Y109.4bm (\$868.3m) when it was building a hardware base for its new Nintendo 64 games system. Page 15

Novartis buys US business: Swiss drugs company Novartis is buying the crop protection business owned by US drugs company Merck for \$910m. The acquisition gives Novartis a significant US presence in insecticides, fungicides and herbicides. Page 15.

ICI seals \$8.5bn loan: Imperial Chemical Industries of the UK negotiated an \$8.5hn loan to finance its acquisition of Unilever's chemicals business, in what will be Europe's largest syndi-

Gazorom faces reform: Boris Nemtsov. Russia's reforming first deputy prime minister. is to head a government board to "introduce order" at Gazprom, the giant gas monopoly.

US spending slows: US consumer spending slowed in April following its explosive growth in the first three months of the year. Retail sales fell by a seasonally adjusted 0.3 per cent last month, the first decline for six months, the Commerce Department reported. Page 4

Bomb explodes in Beijing: At least one person died in a bomb blast in Beijing close to the Great Hall of the People, where China's leaders meet. Chirac to clinch trade deals in China,

El Al seeks to stem losses: Directors of El Al, Israel's loss-making state-owned airline, will consider measures to turn round the company's fortunes following an estimated losses of \$80m last year. Page 6

israeli ambassador quits: Israel's new ambassador to Jordan resigned after prime minister Benjamin Netanyahn failed to inform him in advance of his meeting last week with King Hussein. Page 6

Owing to transmission difficulties we were unable to update Liffe financial futures and options on pages 22, 23 and 30 for this edition.

FI.com: the FT web site provides online news, comment and analysis at http://www.FT.com

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Commodities FT/SP-A Wid Indices.... 34 Foreign Exchanges ___ 23 Gold Markets _____ 24 Int. Bond Service ____ 22 Meneged Funds 25-27

Recent Issues ... Share information _ 28,29 Bourses ... Czech Industry

Action charges 'deliberate infringement' of microprocessor patents

Digital suit challenges Intel

By Louise Kehoe

Intel, the world's largest semicondoctor manufacturer, has been accused of "wilful and deliberate infringement' of microprocessor patents by Digital Equipment, one of the largest US computer companies.

In a lawsuit, Digital charges that Intel unlawfully used technologies invented and patented by Digital to achieve high performance in its Pentium microprocessors, includ-ing the latest Pentium II chips as well as earlier Pentium Pro and Pentium devices.

If anccessful, the lawanit could disrupt the worldwide computer industry. Digital is seeking an injunction to pre-

By Michael Skapinker

Emma Tucker in Brusseis

Boeing yesterday warned the

European Commission that it

risked provoking a transatlan-

tic trade war if it tried to block

the US group's proposed

merger with McDonnell Doug-

Boeing said that if the US

Federal Trade Commission

approved the merger and the

Commission attempted to

impede it, "we could have

Boeing is concerned the

Commission might impose a

fine on the merged group of 10

per cent of its revenues. Boe-

ing and McDonnell Douglas,

whose merger would create

the world's biggest aerospace

and defence group, expect to

have combined revenues of

The Seattle-based aircraft

maker was responding to state-

ments by Mr Karel Van Miert,

EU competition commissioner,

who has described the pro-

posed merger as "extremely problematic" and has insisted

that Brussels has the right to

Mr Van Miert has also

described as "out of the ques-

tion" the decision by American

Airlines and Delta Air Lines of

the US to appoint Boeing as

their exclusive aircraft sup-

problems" between Washing-

ton and Brussels.

in London and

vent Intel using the disputed technology in its products.

These chips are the "brains" of most personal computers sold in the past three years. Intel has an estimated 85 per cent of the world market for PC microprocessors. Intel said it was "surprised"

by the lawsuit, noting that it had close business ties to Digital as both a customer and supplier. "The first we heard of this was via the press release," an Intel official said. With its lawsuit, filed on

Monday in a federal court in Massachusetts, Digital's home state, the company is also seeking unspecified monetary damages as well as asking the court to assess triple damages based on Intel's alleged "wilful" misuse of its technology.

Boeing said that while it had

responded to all Mr Van

Miert's requests for informa-

tion, it reserved its right to

challenge the Commission's

jurisdiction over the proposed

merger. It said it rejected the

jurisdiction over the exclusive

aircraft supply deals between

US companies.

The Commission is expected

proposed merger over the pert 10 days. But Boeing said Mr

Van . Miert's statements

suggested he might have pre-

cal support it had received

from Mr Al Gore, US vice-

president, who told a Seattle

newspaper this month that the

administration would take

"whatever action is appropri-

ate" to prevent the EU from

impeding the merger. A bipar-

tisan group of seven US Sena-

tors has also written to Presi-

dent Bill Clinton accusing the

BU of prejudging the merger.

rejected the Senators' accusa-

tion. He insisted that the Com-

EU's merger regulation.

Mr Van Miert yesterday

judged the issue.

trade war if EU

opposes merger

The monetary award could he "huge", said Mr Robert Palmer, Digital chairman and chief executive. Intel's profits in fiscal 1996 were more than \$5bo, and this could be a starting point in arriving at

damages, he said. Intel's net income for the past three years was more than \$11bn. Digital, in contrast, struggled to make a profit, recording losses in fiscal 1996 and 1994 with meagre profits in 1995.

The decision to file suit against Intel had not been taken lightly, Mr Palmer said. He said Digital was "fully prepared to take on the case" at whatever cost

Digital's problems were linked to its slow response in the 1980s to rapid technology

changes. A pioneer in the era of minicomputers, Digital has struggled since.

In particular, its flagship Alpha microprocessors, used in high-performance workstations and servers, have not achieved the success the company had hoped.

Over the past nine months, Digital had become increasingly suspicious that Intel was using its patented technology to enhance the performance of Pentium microprocessors, Mr Palmer said. Having examined the Intel chips, Digital found "substantial similarities" to

Alpha microprocessors. Ten patents filed between 1988 and 1996 and covering aspects of high-performance microprocessor design have been infringed, Digital alleges.

Digital lawsuit cover ways in which data is stored in a "cache memory", or fast memory device, "pipelining" and other techniques used to accel-erate the processing of data in

microprocessor.

These are design elements of "Reduced Instruction Set Computing" (Risc) devices, which Digital helped to pioneer. In the early 1990s, Risc microprocessors were expected to supplant Intel's designs, which used more complex instructions, but Intel has successfully blended elements of both types of architecture in its Pentium chips.

Intel's shares declined on news of the lawsuit to \$155%. down from Monday'a \$159%. Digital was up \$1% at \$34%.

'War plan' to stifle European currency speculation

next EU presidency, is prepar-ing a "war-plan" to head off speculative attacks in the financial markets that could threaten economic and monetary union.

Under the plan, one option would be for EU leaders to agree hilateral conversion rates for currencies In the future euro bloc later this year, well in advance of the planned launch of Emn on January 1 1999.

Alternatively, EU leaders would announce conversion rates immediately after deciding in May 1998 which countries had met the Maastricht treaty targets to enter Rmu.

The first option would in effect prejudge the political decision on which countries qualify for Emn in the interests of market stability.

It is being discussed among EU central bank governors, worried that the recent calm in the markets could end ahroptly as traders atart to guess which countries qualify. Another concern is that external factors such as a slide in the dollar, victory hy the opposition Socialist party in France's parliamentary elections this month, or renewed litters about a shortfall in German tax revenues, could provoke renewed cur-

rency volatility.
Mr Jean-Claude Juncker. Luxembourg's prime minister, said in an interview with the FT that the EU had failed to respond to the "catastrophe" in 1992-93 when speculation against European currencies

Exchange Rate Mechanism. "I don't want the markets stopping Emn at the last min-ute," said Mr Juncker. A senior Grand Duchy official agreed: "We are not going to have a St Bartholomew's Day massacre."

Luxembourg is due to take over the six-month-long rotating EU presidency from the

Continued on Page 14 Personal view, Page 12 Lex, Page 14

Boeing warns of idea that the Commission had to set out its objections to the

mission's investigation - now in its third month - was being right, chairman of the US joint conducted strictly along the chiefs of staff, is offered direclegal lines and criteria of the tions by his opposite number in the Chinese People's Liberation He said: "Our analysis is Army, General Fu Quanyou, left, based on facts and figures, not during a welcoming ceremony at on so-called 'political issues'. Beijing's military museum at the The Commission examines this file strictly on its own merits."

Norway may invest half its oil fund on stock markets

and Hilary Barnes in

Norway, the world's largest oil

exporter after Saudi Arabia, is proposing to invest up to 50 per cent of its State Petroleum Fund on forsign stock exchanges from the start of next year.

The fund, administered by the central bank, in effect acts as a national piggy-bank for budget surpluses generated by Norway'a oil revenues. It currently invests only in low-risk, foreign government securities. The finance ministry says that by 2002 the fund could

grow to about NKr425hn (\$59.7bm), or 30 per cent of gross domestic product, from today's level of NKr50bo. Mr Jens Stoltenberg, the finance minister, said yester-

day that in the long term gas output totalled 222m cubic

By Michael Morgan in London reduce the fund's risk expo- lowing five or six decades sure. The ministry's preliminary assessment is that equitiss should account for between 30 and 50 per cent of Investments.

> investments would be made through large and long-ment surplus (on the Massestablished exchanges such as tricht definition) is expected to London, New York, Paris, reach 6.8 per cent of GDP. Copenhagen and Stockholm. The portfolio would include

large hlue chips and smaller stocks, with the purchases channelled through a number of brokers, which would be measured against one another.

Authority for the investment will be issued in guidelines for tants to advise on which asset the fund, to be published in the autumn for implementation from January 1 1998, provided the Storting, the parliament, does not object.

investments in equities gave metres oil equivalents and is higher returns than govern- expected to peak at about 292m CONTENTS

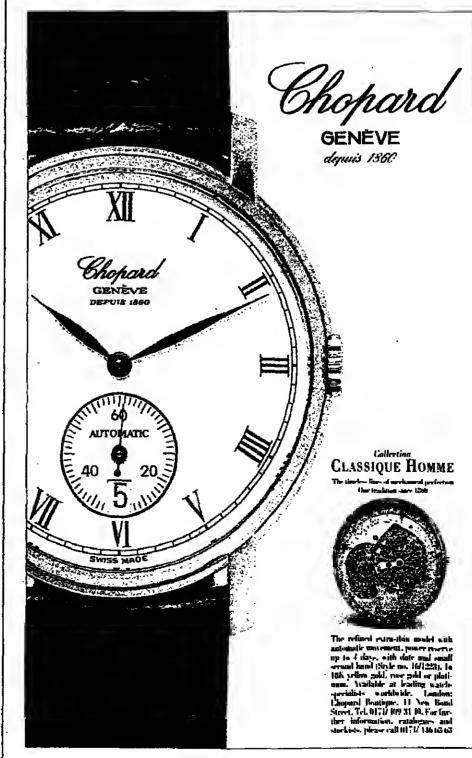
Government revenue from taxes and royalties on oil and gas production, and from state oil company profits, will generate a Nkr59.7bn central gov-Mr Stoltenberg said that ernment hodget surplus in 1997, while the general govern-

> The petroleum fund was established in 1990 to act as a buffer for Norwegian economic policy, and to underwrite the country's pension payments. In London fund managers

said the finance ministry had appointed investment consulmanagers to employ to invest the funds. The consultants are cur-

rently drawing up benchmarks ahead of conducting European-Last year Norwegian oil and wide fund management beauty parades later this year. "Every fund manager in

London and Amsterdam is ment securities. Diversifica- cubic metres in 2001, before chasing this one," a senior tion into stocks would also gradually falling over the fol- asset manager said yesterday.



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LONDON - LEEDS - PARIS - FRANKFRET - STOCKHOLE - MADRID - REW YORK - LIC ARRELES - TOKYO - PARIC KORE

Parties battle to rouse voters from apathy



ELECTIONS

Freoch parliamentary elections are higb. hecause the outcome could settle the fate of Europe's single currency project. But many

The stakes in the

French as well as outsiders. the course of this campaign for the two rounds of voting - oo May 25 and June 1 threatens to be even more confused than usual.

For a start, snap elections are not in the tradition of the Fifth Republic, and some voters still seem baffled as to why President Jacques Chirac chose to dissolve the Nationel Assembly last month, 11 months before the end of its five-year term.

In addition, May in France is riddled with bolidays, which does not guarantee high voter interest or turn-



Speculation is mounting that even if the centre-right wins Jacques Chirac (right) may replace Alain Juppé

To make things even more Assembly. In some cases confusing, a record 6.242 can-their reasons for running are didates are competing for more related to getting pubthe 577 seats in the National lic campaign finance than to

political commitment. Among the candidates, womeo are better represented on the left, the old on the right. Ten incumbents defending their seats are over 75 - seven of them Gaullist, which is the only party that tried in vain to

impose an age limit. Yet, the early mixture of confusion and apathy is giving way to excitement. This is because see-sawing opinion polls have shown the left catching up, even overtaking, but then falling behind the right in terms of voting intentions, though still well behind in the projected number of seats they may win.

The discrepancy between voter support and the number of seats attainable relates to the complex tworound voting system.

Many compete in the first round, but few are chosen to go on to the second round. A candidete can win on the first round by getting 50 per cent or more of the vote.

was a landslide for the cen- on the left and right to do uencies where they have using - or ahusing - the fact tre-right, but even so it won final battle in the second only 80 seats on the first round, with unsuccessful round; the left won none. ple of dozen seats are likely

candidates throwing their So in this much closer support to the stanelection, no more than a con- dard-bearer of their camp. to be settled on May 25.

through the French electoral

maze and sets out challenges

But many voters go astray or abstain in the second **David Buchan** shows the way

facing the left and right But the first round will round. This is much less of a show the rapport des forces - problem for the government or relative voting strength -

of the various parties. 12.5 per cent of the regissecond round. If only one her in the second round run-

Generally, the first round is a primary to choose the ing separately in the first

coalition of the Gaullist RPR and centre-right UDF. They Any candidate winning have a common platform and are presenting joint cantered vote can go on to the didates in the first round everywhere, except in some person so qualifies, the next 40 constituencies where no highest scorer joins him or incumbent exists and party dissidents do.

By contrast, the Socialists and Communists are compet-

The last election in 1993 best performing candidates round, except in five constitunited to block the far-right that French elections are National Front (NF).

> NF. The latter's candidates will fight on wherever they threshold. They may not win - only one Marseilles seat

seems sure for the Front but they can cause others to dates, with payment in prolose, particularly by splitting portion to votes. the rightwing vote and handing victory to the left.

Calculating all these factors in order to translate first voting intentions into econd round seats is akin to witchcraft.

The pollsters' job is made France's ecology movement. Apart from the Greens (Verts), now formally allied to the Socialists, the behav-Green Movement (MEI) and Génération Ecologie in the second round is impossible to predict. More than 1,000 candidates are ecologists in

ponts sta now almost wholly funded In fact, the centre-right out of the state exchequer,

has more to fear from the as a result of a 1994 ban on corporate contributions. Half the funding is tied to cross the 12.5 per cent the number of parliamentary seats a party gets, but the other half goes to parties fialding at least 50 candi-

> The brevity of this snap election ebould keep down costs, which are reduced anyway by the requirement that TV and radio provide balanced coverage and free advertising slots.

In theory, campaign postharder by the splintering of ers are also banned, except on special panels outside public buildings. In the constituency of Mr Jean Tiberi. the scandal-prone Gaullist iour of the Independent mayor of Paris, the panels are impressive.

a Miller or the party

an inflation fall

No fewer than 28 candidates are boping to topple him, and their poster panels, side-by-side, stretch 48

THE LEFT

Socialists struggle to maintain balance

he left faces a tricky task in the French parliamentary elections. The key to a left victory is whether its largest component, the Socialist party (PS), cen regain much of the centre ground it lost in 1993 - while keeping its alliance with the Communists (PCF) and with the smaller Mouvement des Citoyens (MDC) and the Greens.

This task has become harder as the campaign has gone on.

Early on, the PS was the one party to see a definite rise in its oplnion poll rating, though this trend may bave turned oow.

Glimpsing possible victory, the PS grew bossier towards those to the left of it, and more conciliatory towards centrist voters.

Any poll gains hy the PS have not, bowever, been enough for it to dare to jeopardise the alliance with the PCF. The latter grew grumpier. as it failed to follow the PS up in

Some Communists complain the PS-PCF alliance is just working to the Socialists' advantage.

just takes the form of:

A joint declaration recording their general agreement oo many economic and social points, as well as their "well known divergences" on other issues, such as

Europe: Joint candidates in the first subsidies round in only five seats (considered at risk to the National Froot); A solid tradition of pooling votes

in the second round. But their separate programmes share many similarities.

Both favour a change in macroeconomic policy to boost demand. though the PS would do this through an annual "national conference on salaries" while the PCF wants to raise the minimum wage of just over FFr6,000 (\$1,050/£640) a month by FFr1,000.

On taxes, they share the same general desire to increase the wealth tax, lower value-added tax and exteod taxes on financial

income and savings. Both pledge to create 700,000 johs

Formally, the PS-PCF alliance half in the public sector, half in the

private. The PS suggests the new public sector jobs would take the form of temporary work schemes for the young, which it stresses could be paid for entirely through "simplifying and re-orienting" existing job

The PCF appears to aim at actually increasing the civil service and seems unbothered about the budgetary impact.

The PS and PCF both demand a cut in the standard working week from 39 to 35 hours without any reductioo in pay.

This would boost bourly wages, and thus demand, while obliging companies to create many oew job

But, as on the size of the civil service, the two parties diverge slightly on the scale of the state sector The PS says existing public utili-

ties should stay in state hands, and is pledged, if it wins, to abandon the France Télécom privatisation for young people over two years - planned for next month.

It is not proposing to renational- PS now says the move to the ise anything sold off since 1993, nor

However, some moderate Socialists have suggested during the campaign that the public sector sbould "evolve" and that they would take a "pragmatic" view about privatising state companies which do not provide basic public services, and which are "in compe-

tition with" private companies. Repealing the immigration laws passed by the Balladur and Juppe governments since 1993 is a demand on which the PC and PCF readily agree, though only the PS makes a point of claiming it would find other, fairer ways of cracking

down on illegal immigration. Europe is by far the most divisive issue on the left.

The PS remains broadly committed to the Maastricht treaty on economic and monetary unioo, which President Mitterrand signed but which has been anathema to the

somewhat in recent months. The ners.

planned single European currency the euro - should include Italy and Spain. It says growth and jobs should be promoted, the euro should not be over-valued against the dollar and governments should be given some influence over the planned European Central Bank.

Some Communists, for their part, say now that Europe could have a common" currency circulating in parallel with national monies.

But, in the end, the PS is for the euro and the PCF is against it - as indeed is the small MDC party which split from the Socialists after Maastricht.

Goaded oo this point by the right, Mr Linnel Jospin, the PS leader, made clear his line would prevail in any leftwing government because the PS would be "a far bigger contingent than the PCF" in the National Assembly.

This drew an angry retort from Mr Robert Hue, the Communist leader, about the PS trying to The two parties have shifted assert "begemony" over its part-

Le Pen fires at right

Mr Jean-Marie Le Peu is shooting more to right than left these days. The leader of the far-right National Front

said yesterday he would prefer the left to win because "this would paralyse Mr Chirac to his project of

dissolving France into the Europe of Maastricht . . . and refuse him the hlank cheque he is seeking for five years

NF members, who do not share the animosity between

change over the years in the NF, which, though always

helped the NF steadily increase its sbare of the working

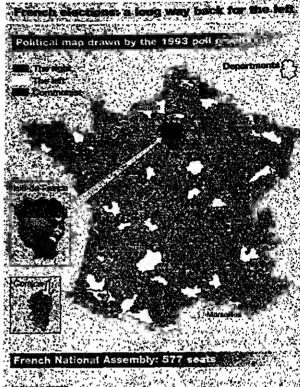
The NF is pledged to reimpose frootier controls and scrap Maastricht. It would scrap income and inheritance

taxes freeze public spending, and axe the civil service.

Mr Le Pen and Mr Chirac. Bot it reflects the gradual

anti-immigrant, has progressively abandoned free market policies for economic protectionism. This has

to aggravate the policies already in place".



us for May 25c first round (%) #0.0 39.0 38.0 41.B

-0.5 +1.6 -+1.5 Fight 291 - 294 302 290 326-358 Margin for left -29 -34 -51 -4 101-165

THE RIGHT

class vote, often from the left.

Coalition prepares for losses - but any majority would do

coalition has always expected to tose seats in this parliamentary election.

But Presideot Jecques Chirac calculated thet the losses would be less now than if he let parliament run its full term to next March.

In the last election, the centre-right's triumph was so great that it captured 80 per ceot of the National

Assembly. Now, a smaller majority would be a relief for Mr Alain Juppé, the prime minister, as it would stop backhiting from beckbenchers and give him the parliamentary cohesion be has lacked. But the polls are far too

close for the centre-right's comfort. Mr Juppé is unpopular in the country. This is now the main tension within the ruling coalitioo, replacing earlier divisions arising from the Gaullist civil war over whether Mr Chirac or Mr Eduard Balladur, the former

president in 1995. There is a possibility that, if the centre-right is circumstances accept the not public services or utilireturned to power, Mr Chirac might name another premier or that Mr Juppé himself might throw in the towel

prime minister, should be

What may belp the right maximise its representation is that the coalition between pour la République (RPR) Europe and a conviction that They have come to join the right wins.

fter its thundering and the centre-right Union French regions should be UDF in backing economic A victory in 1993, pour la Démocratie FranFrance's centre-right caise (UDF) is tighter than Paris. caise (UDF) is tighter than Paris. the alliance between their leftwing opponents.

sive, though it draws support from all classes. Its foreign policy views remain tinged with General de For the future, the RPR Gaulle's nationalism, which and UDF pledge to keep sometimes still flares up on European issues, such as hearts.

The majority of the party has only receotly accepted the need for economic liberalism and a smaller role and size for the state. But within the RPR, the

following around Mr Balladur has developed similar ideas to the UDF. The UDF is less of a well oiled party machine, because it is not really a party though it has a small num-

ber of direct members - but a federation of parties. These range from centrists of whom could in other sell off state companies, but

in Force Démocrate (some moderate socialism of Mr ties, except France Télécom. Jacques Delors, the former If re-elected, they plan to put European Commission 30-35 per cent of France Tele. president) to free- com's shares on the market marketeers and straight con- next month. servatives in the Republican

The RPR and UDF had their internal argument over little difficulty in putting the single currency at the This is partly because together a manifesto, per-there is an ideological over-lap between the RPR and gloss over their government together a manifesto, per- time of the 1992 referendum record over the past four European Union member The RPR is the more cohe years in one sentence: "Since states to join in a single cur-1993, the [centre-right] rency majority has put the country back on its feet."

undoing their 1995 tax increases with further fiscal agriculture, dear to RPR reductions, as the main way of reducing unemployment and unleashing private enterprise.

eversing the left's priority, they are more focused on cutting income tex than value-added tax. To make this possible, they promise not to let public spending rise faster than inflation.

This would mean a slight relaxation from 1997-98, wben Mr Juppé has ordered zero expenditure growth even in current franc terms. They would continue to

The RPR and UDF endorse

the planned European single The common thread unit- currency, the euro, and most

because they went through on the Maastricht treaty, which set out terms for

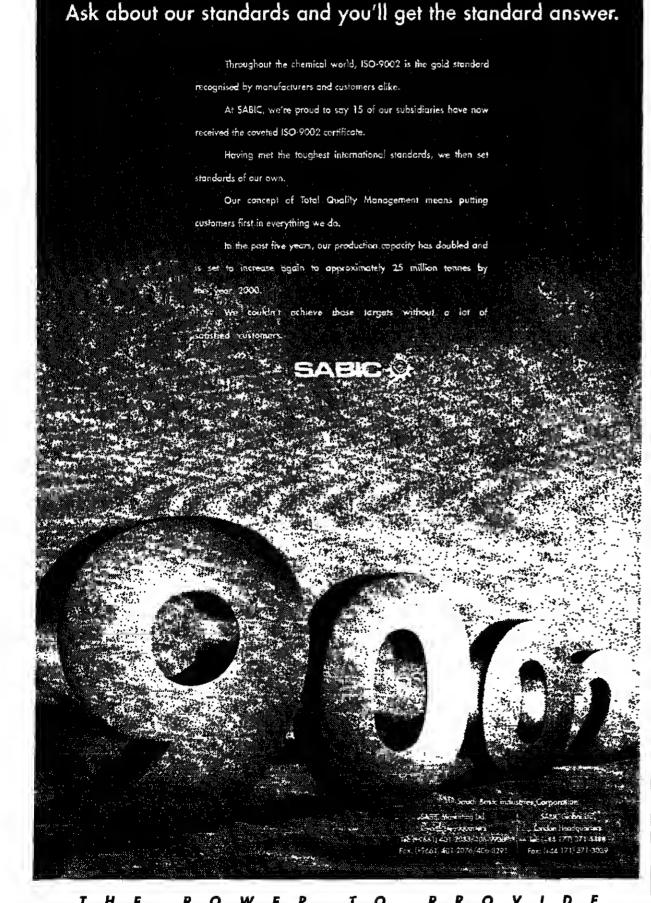
But some Geullists of consequence, in particular Mr Philippe Seguin, president of the last National Assembly. still privately regard the euro as folly. Mr Séguin's name always

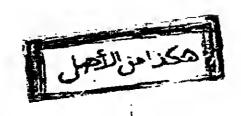
comes up as a possible successor to Mr Juppé. Many in the RPR would rally warmly to him, but few in the UDF and almost none in the financial markets - would. Mr Seguin is moving very cautiously, but those around him less so.

One of Mr Juppé's ministers welcomed Mr Seguin to a rally last weekend by asking the audience to applaud "the president of the National Assembly or - why not? - prime minister". The minister later backtracked in a formal statement.

By contrast, Balladurian backbenchers - once bitter critics of Mr Juppé - have bean impeccable in their support of the prime minis-

Two of them. Mr François Leotard, the UDF president. and Mr Nicolas Sarkozy, are likely to be part of the next the Geuillst Rassemblement ing the UDF is a belief in of the RPR now mean it. government if the centre-







EUROPEAN NEWS DIGEST

Sale for Polish telecoms stake

The Polish government has approved plans to sell up to 25 per cent of Telekomunikacja Polska (TP), the state-owned telecoms operator, in a public offer next year which would start a step-by-step privatisation of one of the country's

The decision to go ahead with the disposal of TP, which employs 75,000 people and reported an 841m zlotys (\$280m) net profit last year, would now be implemented. Mr Andrzej Zielinski, the telecommunications minister, said yesterday. The company's employees would be given 15 per cent of the equity but the state would retain control of the company initially

The government's next step will be to open a tender for an adviser for the offer which would be aimed at retail investors and institutions at bome and institutional investors abroad. Its decision leaves open tha issue of how much of the initial offer is to be offered to local investors and how much to foreigners. Chris Bobinski, Warsau

Blow to Milosevic hopes

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Serbian President Slobodan Milosevic has suffered a further blow to his political ambitions from a unanimous decision by Montenegro's ruling Socialist party to restore the prime minister, Mr Milo Djukanovic, as vice president of the party, a post from which he was removed under Serbian pressure in March.

The regained power of Mr Djukanovic, an arch-critic of Mr Milosevic, severely damages the Serbian president's chances of gaining a new power base as president of Yugoslavia when his second term as president of Serbia expires later this year. He needs Monenegrin support if be is to win the presidency of Yugoslavia, a federal union between Serbia and Montenegro.

The Yugoslav presidency is mainly ceremonial at present, but Mr Milosevic planned to change the constitution and transfer real power to himself by reducing the powers of the Serbian and Montenegrin governments. Anthony Robinson, London, and agencies

Sugar company faces fine

The European Commission is expected to fine Irish Sugar, a subsidiary of Greencore Group, today for abusing its dominant position in Ireland for more than 10 years.

The Commission was acting on several complaints from small sugar producers about Irish Sugar's behaviour, including refusal to sell and heavy discounts aimed at eliminating competitors, Commission officials said.

The spokesman for the competition commissioner. Mr Karel Van Miert, confirmed a company would get a "nice fine" today for had behaviour in the past, but declined to name it or give the size of the penalty.

Reuter, Brussels

Yeltsin outvoted on Nazi art

Russia'a upper bouse of parliament has overridden a presidential veto and approved a law allowing Russia to keep art seized from Nazi Germany at the end of the second world war. Mr Mikhail Shvydkol, deputy cultural minister, said about 140 members - well over the required two thirds of the Federation Council - had voted to overrule President Boris Yeltsin's objections.

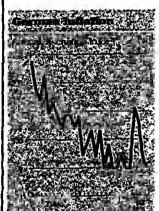
He said the president would exercise his right of appeal to the Constitutional Court.

Mr Yeltsin had argued that the bill contradicted international law and would reduce Russia's chances of getting back its own art treasures seized during the war. Parliament's communist-dominated lower house voted in early April to override the veto.

The bill introduces a complex procedure for the return government and approval by tha Russian parliament. As a result, it would be extremely unlikely that any art Reuter and AP, Moscow would be returned.

ECONOMIC WATCH

German inflation falling



Germany's inflation rate continued its downward trend in April figures from the federal statistics office confirmed yesterday. Consumer prices were 1.4 per cent higher than the same month a year before. That compared with an annual inflation rate of 1.5 per cent in March.

Inflation had accelerated at the beginning of the year after an exceptionally severe winter pushed many prices sharply

higher. Inflation may begin to rise again over the next few months as the recent weakness of the D-Mark exerts upward pressure. In the longer term, price pressures will mount as the expected pick-up in economic activity gains

In the past 12 months, energy and housing costs have seen particularly steep price increases, but rises in the cost of food, drink and furniture have been relatively modest. Between March and April the consumer price Ralph Atkins, Bonn

Index was nat.

French consumer prices were unchanged to 0.1 per index was flat. cent higher in April compared with March, according to provisional figures from the statistics office Insee.

■ Italian producer prices in March were up 0.3 per cent from February and rose 0.9 per cent year-on-year, the statistics bureau Istat said.

Yeltsin presses Russia's case on Nato

By John Thomhill

Mr Boris Yeltsin, Russia's give renewed impetus to the enlargement plans by phoning Mr Tony Blair, the recently alected British

country's cause. But as Mr Javier Solana. for the sixth round of Rus- one in forward positions. sian-Nato talks, Mr Yeltsin adopted a sterner face by added that Mr Yevgeny Priinstructing his foreign min- makov, Russia's foreign min-

ister to pursue a tough line ister, would also press for Moscow was attempting to obtained movement from the will formally invite new to defend his country's stra- greater revisions of an agreetegic interests.

Diplomats in Moscow said president, yesterday tried to the Russians still had serious objections to some of the stalled talks over Nato's military implications of Nato's planned enlargement.

Moscow is pressing Nato to refrain from building the prime minister, to attempt to infrastructure to store win a new convert to his nuclear weapons on the territory of potential new member states - even though the Nato's sacretary-genaral, alliance has already pledged arrived in Moscow last night not to deploy nuclear weap-

The Interfax newsagency

ment governing the deployment of ground troops in

Europe. Nato has conceded it is prepared to renegotiate the terms of tha Conventional Forces in Europe treaty limiting the forward stationing of forces

Mr Primakov yesterday again repeated calls for the Organisation for Security and Co-operation in Europe to play a greater role in security issues, given it was a "more universal and multi-

national organisation". Some diplomats suggested spin out the negotiating procedure in order to persuade nationalists it was not selling Russia's interests sbort but bad agreed most of the principles of a new security

A declaration by a group of security experts published in the Nezavisimaya Gazeta newspaper yesterday urged Mr Primakov to walk away from a deal if it was not in Russia's interests.

"Though steps have been taken in the right direction the Russian president and
A summit of the western
foreign minister bave alliance in Madrid in July

western slde, too mucb remains in the zone of uncer- talks. Poland, Hungary and tainty," lt said.

wrangling, both sides still appear hopeful that a compromise deal can be struck enabling Mr Yeltsin to sign a Russian-Nato agreement at an international security meeting in Paris on May 27.

Nato has made it clear it would be prepared to pursue its enlargement plans in the face of of Russia's objections. though it would clearly prein the last few months and fer to reach an agreement.

members to begin admission the Czech republic now seem Despite the diplomatic certain to be admitted, but it seems likely that other applicants, such as Romania and Slovenia, will have to wait for the aecond phase of

expansion. Mr Yeltsin, who last week declared a deal with Nato was 98 per cent completa. also discussed sacurity issues yesterday with Mr Helmut Kohl, the German chancellor, following a convarsation with Mr Jacques Chirac, the French presi-

German private banks reject arbitration plan

By Andrew Fisher in Düsseldorf

Germany's private sector banks have rejected a compromise attempt hy the Bonn government to solve their long-running dispute with public sector banks institute in 1992. over alleged unfair competi-

The German banking association, representing private sector hanks, had formally turned down a government proposal that the matter be settled by an arbitration panel, Mr Wolfgang Arnold, its deputy general manager, said yesterday. "This is another attempt to delay the matter," he added.

His comment followed a statement by Mr Friedel Neuber, chairman of Westdeutsche Landesbank - the main public sector bank involved - that he would accept arhitration. He said the government had made this proposal to try and ensure the matter was dealt with at national level and not by the European' Commission in Brussels.

The row concerns a complaint by the private banks to tha Commission over tha terms on which WestLB and five other public banks received capital injections in the form of housing development funds. The privata banks say the interest rates distortion of competition.

at the bank's annual pre conference that this claim was based on erroneous calculation methods which understated the rate paid by WestLB for DM4hn (\$2.3bn) of funds from a state-owned house-building promotion

The private sector banks are still insisting that the matter be dealt with in Brussels and are pressing for the Commission to open an inquiry. The association. whose members include Deutsche Bank, Dresdner Bank and Commerzbank, has said it is no longer available for national talks to reach a compromise and is impatient with the delay in settling the matter.

Mr Neuher repeated his support of Mr Horst Köhler, president of the German Savings Banks and Giro Association and a former aide to Chancellor Helmut Kohl, who bas contrasted the savings banks' support for European monetary union with attempts to question their role in tha German banking structure. We are keen protagonists

of the euro," Mr Neuber said of WestLB and tha public sector banks, which are linked closely to the savings banks. But it was a "paradox" to

expect savings banks to perthreat.

Mr Neuber said yesterday WestLB results, Page 19



UK eases EU military stance

By David Buchan in Paris

Britain's new Labour government said yesterday lt could accept reference in a pean Union. new European Union treaty to the need for military operations for humanitarian and peace-keeping purposes, provided sucb operations were planned elsewhere.

This marks a slight advance on the position of the preceding Tory government which was hostile to any hint of a military-related role for the EU.

suade their customers to UK foreign secretary, said welcome the euro when they that London would not, in ket levels and were thus s themselves were under the new EU treaty to be governments. next month, object to a refertions, WEU ministers left the under a permanent chair- Mr Cook.

peace-keeping military organisation's rapproche- ately chosen a committee operations, planned and con-ment with the EU with the same name and ducted by the Western Euro-

But, speaking to yester-day's WEU ministerial meeting in Paris, Mr Cook ruled out the idea of eventually merging the WEU into the EU, as France and Germany want. "We do not see the EU as being a defence organisation - this would undermine Nato and create complications for EU and Nato members". He went on to stress Mr Robin Cook, the new that co-operation in defence should continue to be on the

ence to bumanitarian and timetable for the defence man. The WEU has deliberopen-ended. Their communique talked of "building up

the WEU in stages as the defence commitment of the Union", in language that only echoed that in the 1992 Maastricht treaty. French and German ministers expressed disappointment at Mr Cook's insistence on keeping the WEU and EU apart, but said they were not surprised.

one step further yesterday amounts to £11m (\$17.82m) a by deciding to step up a year. ing milit

structure as in Nato. ■ Earlier, Mr Cook took the

opportunity at a meeting of the United Nation Education, Scientific and Cultural announce his government's decision to return to the organisation. Complaining of waste and corruption at Unesco, the UK government quit Unesco in 1985. It will shortly rejoin and start pay-However, tha WEU took ing its subscription that

composed of chiefs of staff of end the isolation of the UK negotiated at Amsterdsm Reflecting UK reserva- the 10 member countries in international affairs," said

Jospin in warning on social security deficit

By Andrew Jack in Paris

managerial competence by warning of the threat posed lated under the ruling centre-right RPR-UDF coalition.

Mr Lionel Jospin, leader of the Socialist party, said the current deficit - which he claimed ran to FFr100bn (\$17bn) - was an indictment of the policies of Mr Alain Juppé, the prime minister.

Meanwhile, continuing a style first adopted by President Jacques Chirac last week, Mr Henri Emmanuelli, a senior Socialist party official, resorted to a written communiqué to suggest that there were strong splits within the coalition on next week. Europe and that it might

mum wage. In s written reply, Mr

the Maastricht treaty "and 30 per cent respectively. The French Socialist party nothing but the treaty" for yesterday tried to stress its monetary union, while argu- Monde newspaper and tha broader divisions on the subto the country by social ject within the Socialist RPR-UDF coalition had consecurity deficits accumu- party, and with the Commu- solidated its lead with 39.5 nist party.

> government if re-elected Communists. would abolish the minimum a Socialist administration during the 1980s which was a "champion of deficits of all kinds",

The exchanges came as a on polling day. new opinion poll suggested a consolidation in support for came against a backdrop of the centre-right ahead of voting in the first round of the elections, due at the end of

threaten the national mini- showed over the last month flight attendants working at larity of both Mr Chirac and carrier said they planned to Jean-François Copé, the Mr Juppé, with the propor- stop work at the end of this RPR's spokesman, stressed tion of those expressing posi- week.

that his grouping respected tive opinions rising to 35 and A separate poll for Le ing that there were far NRJ radio station published vesterday suggested that the per cent of the vote, against He also dismissed as a 28.5 per cent for the Social-"lie" any suggestion that the ists, and 9.5 per cent for the

However, in a further indiwage, and lashed back at Mr cation of the lacklustre Emmanuelli as a member of nature of the election campaign, the poll ahowed low interest in the race: just 60.5 per cent of those aged 25-29 were certain they would vote Yesterday's campaigning

growing threats of industrial action. Three rail unions warned of strikes this week among ticket controllers. A poll for Paris Match and two associations of a 5 per cent rise in the popn- Air France and its domestic

Unions girded for Italy pension fight



Jospin (right) and the Green party's Dominique Voynet Renter

Serbia left out in cold from BIS

By Kevin Done, East Europe Correspondent

The central banks of four of the five states which emerged from the collapse of former Yugoslavia have been invited to join the Bank for International Settle-

The Basle-based BIS said that the central banks of Slovenia, Croatia, Macedonia and Bosnia-Hercegovina had been invited to become shareholders in the bank in an interim move, while the four states and rump Yugoslavia, which comprises Serbia and Montenegro, continue talks on dividing the assets of the National Bank of Yugoslavia, former Yugoslavia's central bank.

The exclusion of rump Yugoslavia underlines the continuing isolation of Belgrade from the international financial community despite the lifting last year of United Nations trade sanctions.

This bas been caused partly hy its democratic record and its insistence on being the sole successor to former Yugoslavia. It claims the others seceded illegally.

Formar Yugoslavia is understood to have had assets at the BIS of around \$660m, which were frozen when its membership was suspended in 1992 amid the country's violent collapse.

The BIS has put forward proposals for bow to divide tbe assets, which were accepted last year by the four states of Slovenia, Croatia, Macedonia and Bosnia-Hercegovina but were refused by Belgrade.

The Bank of International Settlements, whose board of directors consists of central bank governors from the Group of Ten (G10) industrialised countries, provides financial services for central banks snd is a forum for icy issues.

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Forthcoming FT Surveys on

Italy's powerful trades unions have taken a tough stand at the outset of key talks on cutting generous pension rights and reforming the welfare system. In the first meeting yesterday

By Robert Graham in Rome

between Mr Romano Prodi's centreleft government and the leaders of the three main trades union confed-The unions refused to discuss any shake-up in pensions and welfare until the government had agreed its three-year macro-economic pro-

the weekend. The macro-economic thought and may not be backed by document, drawn up on a rolling the full cabinet. basis each year, will indicate the targets for growth and the budget deficit. The document will reveal what Monday about Italy's need to introkind of structural cuts in social dnce structural measures in its

be aiming for.

strong signal to Brussels by aiming ernment to attack pension rights. for a 1998 budget deficit equivalent to 2.5 per cent of gross domestic product. The government believes it would then demonstrate Italy's commitment to a 'sustainable' deficit, giving greater credibility to its demands to be included in the first wave of the single currency.

At present the trend in spending and receipts indicates Italy will run erations, little progress was made. a 1998 deficit of 3.8 per cent. To meet such an ambitious target against a backdrop of continued low growth, Italy may have to find as much as L30,000bn (\$17.8bn) in spending cuts and fiscal measures, officials say. This is unlikely to be ready before This is bigger than previously

Given the harsh comments issued by the European Commission on spending the government is likely to 1998 budget to bring the defictt to

However, union leaders are determined to avoid being steam-rollered into making concessions, and withwill have hard time pushing through

reforms. Protests by the unions in

1994 against pension reform helped

bring down the Berlusconi govern-

ment. The unions bave indicated they will refuse to commit themselves health service and for more funds to until they obtain convincing assurances from Mr Prodi that all the present ignored, such as unemployparties backing his government ment benefit and belp for unmarried endorse a common policy on these mothers and ageing single people. issues.

The hard-liners in Reconstructed Communism (RC), whose parliamenlaw not due for revision until 1998.

The treasury is anxious to give a pressure has increased on the gov- which is equal to just under 24 per norm.

cent of GDP. A govarnment-sponsored report earlier this year showed significant savings could be made if the retirement age were raised, early out thair support the government retirement pensions phased ont, the period of introducing the 1995 reforms accelerated, and schemes for public and private-sector employees harmonised. The report also highlighted the

need for better management of the be devoted to areas of welfare at

The unions concede some pension privileges should be ended but argue the savings should not go to the tary support is vital to the centre-left treasury. Instead, they say the funds coalition, have until now refused to released should be used to provide a contemplate any changes in the pen- better balance in welfare spending.

sion system, reformed in 1995 and by To back their argument, the Pensions account for 60 per cent of cent of GDP which goes on social | direct contact among central less than 3 per cent of GDP, the all social spending, the total of spending is well within the EU bankers about monetary pol-

unions point out that the 23-24 per

Retail sales down as US growth slows

US consumer spending slowed in cool an economy that grew at a 5.6 to April were still 2.5 per cent the Fed on hold," said Mr David April following its explosive growth in the first three months of the year. Retail sales fell by a seasonally adjusted 0.3 per cent last month do reflect a broader ecomonth, the first decline for six nomic slowdown going into the months, the Commerce Department reported yesterday.

The figures, suggesting that the 1997, came one week before the committee meets to review mone- surge in the first quarter.

The US central bank raised rate of more than 10 per cent in the

day on December 17.

the start of the crisis.

next seemingly interminable

126 days, he maintained his

courage, good bumour and

best to ameliorate the

increasingly difficult physi-

cal and psychological condi-

tions of the 72 hostages who

remained until the dramatic

Dozens of former hostages

a full-page newspaper adver-

end three weeks ago.

the firing line.

short-term interest rates at its last first three months of 1997. Despite per cent annual pace in the first higher than in the previous three three months of the year.

But if the retail sales figures last summer, the Fed may not need to raise rates again next week.

US economy is slowing after its the impact of the figures on Fed rapid growth in the first quarter of policy. It was almost inevitable there would be some deceleration Federal Reserve's open market last month, following the spending

Retail sales grew at an annual

months, and demand overall remains strong.

surprising and is not necessarily sales in March, from an earlier estithe beginning of a trend. Instead, it is likely to be just another wiggle in the up-and-down pattern of consumer spending seen during this expansion." Mr James McCormick, an economist with JP Morgan, the New York investment bank, said.

Other economists thought the figures made a further Fed tightening somewhat less likely.

Japanese ambassador to Lima resigns to take responsibility for security lapse

meeting in March in an effort to the fall last month, sales February ing demand scenario likely to keep Greenlaw, economist at Morgan

Stanley, another investment bank. The Commerce Department also "The slowdown in April is not revised down its estimate for retail mate of a 0.1 per cent increase to unchanged. Last month's decline was broad-based.

Sales of new cars were down 0.9 per cent to a seasonally adjusted \$51.9bn following a 0.3 per cent March decline. It was the steepest drop in new-car sales since a 1.2

per cent fall last November.

for a speedy conclusion.

found the prolonged incident

Japanese government was

minimised by the bold, clev-

erly planned and executed

dent Alberto Fujimori, the

Peruvian president (appar-

ently without consulting

Tokyo), on 22 April. All the

guerrillas were killed in the

anese premier Ryutaro

visit to Lima at the weekend.

rated the two Peruvian com-

mandos killed in the attack

He posthumously deco-

The fact that none of the

two dozen Japanese hostages

was killed or injured saved

and Mr Aokl's has proved

Within two hours of the

tude were underlined by Jap- dence.

Political damage to the

highly embarrassing.

swings in demand strongly affect the overall monthly figures.

However, sales at department stores also fell by I per cent. There was a 0.3 per cent fall in spending on furniture and furnishings. Attention will now focus on the

inflation figures published later this week for further clues as to the direction of Fed policy. April producer price figures are

published today, with consumer prices out tomorrow. Despite the strength of final demand, neither indicator has demonstrated any significant acceleration in infla-

offer to step down.

Mr Hashimoto.

Japanese relief and grati- rior of the embassy resi-

Hashimoto's 20-hour flying brought by the Peruvian

Yesterday, Mr Yukihiko are converging on the capl-

The

Latin America.

Mr Aoki's resignation

came despite an appeal by

Mr Fujimori for him to be

allowed to stay, in a letter to

The Japanese foreign min-

istry has a commission

investigating security errors on the inside; 19 high-rank-

ing Peruvian police officers

are on trial (the intelligence

service having managed to

escape censure) for negli-

gence in securing the exte-

hostage crisis has not, how-

ever, hindered Japan's desire

for closer relations with

Emperor Akihito and

Empress Michiko are to

stage a two-week tour of Bra-

zil and Argentina from the

end of this month, the first

ever Japanese imperial visit

to Latin America. Brazil is

home to 1.3m people of Japa-

nese descent, the largest Jap-

anese community outside

But in Lima security

forces have been put on red

alert. Intelligence reports

indicate that several dozen

subversives from both Send-

ero Luminoso and the MRTA

embarraesment



\$14.5m for Toulouse-Lautrec pastel of seated dancer

Record price for Toulouse-Lautrec

By Antony Thorncroft

A painting by Cézanne of his four such portraits known.

sold for \$23.1m at a standingroom-only auction held by Christie's in New York on Monday night.

It went to an anonymous European buyer. The price was slightly

below estimate, but it was the second highest price ever paid at auction for a paint ing by the French Impressionist artist, beaten only by a still life of fruit which sold at Sotheby'e in 1993 for A pastel by Toulouse-Lau-

trec of a seated dancer with pink stockings fetched \$14.52m, a record for the art-

One of only two self-por-It was the second highest

saleroom, and was close to its estimate. All the paintings were part of a consignment of 29 works of art sent for sale by the executors of John Loeb, the

Wall Street financier who

died in December. All sold except one lot bringing in \$92,794,500, the second highest total for a single-owner collection cold

at auction. The total just exceeded Christie's expectations and confirms that the top end of the art market is in good

Over three quarters of the lots sold either above, or within, their estimates, and the buying was spread across the world, with 46 per cent of the lots going to the US, and 39 per cent to

Among the other top prices were the \$12.65m paid for another Cézanne, a view of Estaque in the south of France, \$4.3m for a traits by Manet made \$18.7m. Renoir nude; and \$3.85m for a painting of irises by



Morihisa Aoki talks to Yukihiko Ikeda, Japan's foreign minister, yesterday

tisement at the height of the composure, always doing his

Yet the embassy has had to accept its share of responsibility for the enormous security lapses which led to the taking of the residence and of the hundreds of international VIPs by a band of expressed their gratitude to, relatively amateur and priand support for, Mr Aoki in marily teenage guerrillas. As a consequence of the

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siege, the foreign ministry has begun a security review

Mr Aoki admitted to a Japanese parliamentary panel on the crisis a failure of "total omission" in failing to realise that terrorists might enter his grounds through a neighbouring building at the back of the property. "I am painfully aware of

my responsibility for causing anxiety...for the governments and peoples of our country and Peru and the governments of the world," he said, standing before the panel on crutches because of injuries received during the

pursuing its traditionally parliamentary hearing into ened organisations will

storming of the residence, he had already admitted to guests that there had been no security at the rear of the residence where guerrillas blew a hole in the wall. Ikeda, the foreign minister, tal with a view to creating as

Tokyo, caught between announced at a Japanese much havoc as their weakpacifist line when faced with

Moscow seeks Washington help over dismantling N-weapons

defence minister, yesterday how to trim and adapt the to their own security and sought fresh belp from his armed forces to a post-cold US counterpart, Mr William Cohen, in dismantling nuclear weapons and downsizing the cash-starved Russian military.

said after meeting Mr Cohen co-operation over military reform and the retraining of

In the latest effort to dismantle the legacy of the cold war, the ministers announced a plan to use US funds and expertise to dis- Pentagon officials are etill mantle rocket motor cases and canisters from 410 Soviet-built ballistic missiles. They also considered the extension of US-Russian peacekeeping efforts, well established in Bosnia, to hitherto unthinkahle areas. such as joint action against foes possessing chemical, biological or ballistic weap-

Any budgetary and strategic problems faced by the US military forces are dwarfed by the catastrophic decline. The minister, an ex-gen- compounded by defeat in eral with a reputation as a Chechnya, which the Rustough-minded pragmatist, sian military has experienced since the disintegra-tion of the Soviet Union. But that he was "very optimistion of the Soviet Union. But tic" about US-Russian Mr Rodionov will be briefed on the internal reassessment process known as the Quadrennial Defence Review (QDR), due to be completed

While dismissive of any direct threat from Russia, worried ahout Russian trans-fers of military technology to China, and they will be pressing Mr Rodionov to show restraint. They have also noted with alarm some recent statements hy Mr Rodionov that Russia may soon have difficulty maintaining systems for controlling etrategic nuclear

their desperate need for export sales.

This year's strategic assessment by the Institute for National Strategic Studies, a Pentagon-related think-tank, describes both Russia and China as as potential "theatre peers" which "cannot challenge US loterests globally but are potentially capable of military challenges in areas close to their border."

Regional wars seen as the biggest danger

Of more immediate concern to US military planners ie the possibility of a regional conflict involving one or more so-called rogue states, such as Iran or Iraq. Mr Cohen reaffirmed this week that the QDR, the results of which will he

By Bruce Clark
in Washington
Mr Rodionov's arrival
coincides with a searching
internal review by the US
Mr Igor Rodionov, Russia's
Mr Rodionov's arrival
coincides with a searching
internal review by the US
military establishment of

A Pentagon official said
the Russians were caught
between the perception that
of preparedness to fight two
Significant regional wars at virtually the same time although conservative defence analysts say this capacity may already have been lost.

The QDR is expected to call for the US armed forces, which have been cut by 600,000 troops to around 1.45m since 1989, to shed more personnel, and close bases to free money for arms modernisation.

A few weeks ago, army generals feared the loss of about 150,000 servicemen. including 56,000 - or the equivalent of three divisions - from the army alone, according to a memo leaked to Defence Week, a specialist publication.

But the Pentagon has insisted the QDR will call for the retention of all 10 army combat divisions. It will preserve, in reduced numbers. three aircraft programmes whose total cost could reach \$350bn. They are the air force F-22 stealth fighter, the navy FA-18 E/F and the triservice joint strike fighter.

LEGAL NOTICES

IN THE BIGH COURT OF JUSTICE CHANCERY DAYSION COMPANIES COURT

IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN ther the Order
of the Righ Court of Justice (Chancer)
Division) theny 6th May 1997 mencioning the
Scheme of Arrangement and confirming
(1) the reduction of the capital of the sair
Company front 100,000,000 devised into
431,239,090 ordinary shares of 10p each new
823,300,400 commanders

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DATED the 14th day of May 1997

HERBERT SMITH

The Financial Times plans to publish a Survey on Hong Kong & China

on Monday, June 16

The handover of Hong Kong to China will be one of the most closely will embark upon its new future, how China will handle the challenge of taking responsibility for 8 million capitalist citizens, and how it marks

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INTERNATIONAL PUBLIC BIDDING EDICT Nº 01/97 TOURISM DEVELOPMENT PROGRAM FOR BRAZIL'S NORTHEASTERN REGION -

FEDERATIVE REPUBLIC OF BRAZIL

BID NOTICE

GOVERNMENT OF THE STATE OF BAHIA DEPARTMENT OF POWER TRANSPORTATION AND COMMUNICATIONS (SETC) OVISION FOR TRANSPORTATION AND TERMINALS (DTT)

The Division for Transportation and Terminals (DTT), organization under special policy, affiliated to the Department of Power, Transportation and Communications (SETC) of the Government of the Babia State, holder of the Brazilian Transporer Roll (CGC) No. 13,937,115,0002-30, strough its Bidding Commission, hereby announces that on the 16th of June of 1997, at 2:00 p.m., in the Meeting Room of the Bidding Personnent Commission located at Au. Life Viene Pilho, no. 436, C.A.B., Salvedor-BA, Brazil, & shall be receiving Tenders and Qualification Documents regarding the execution of the construction works of the LENÇOIS AMPORT, as defined in the Edict.

Stazilian and oversees companies proceeding from the Inter-American Development Stark (IDB) member countries

The resources for the legs.

The resources for the legs implementation of the works that are the subject of this Edict will be originated in the PRODETUR-NE (Toutism Development Program for Brazil's Northseatern Region), which is partially funded with resources guaranteed in the Loan Agreement e 841/OC-BR sottled between the IDS and the Banco do Nordeste do Brazel S/A (BNB), and the Bahla State corresponding financial counterpart, according to the Budgetary Act e 7 020/96 of December 30, 1996, and Decree # 8.143/96 of December 30, 1996.

The Edict complete documentation may be acquired at Av. Lutz Visna Filho, no. 436, C.A.B., Selvedor-BA. Brazif, from May 5, 1997 to June 9, 1997, from 1.00 p.m. to 7.00 p.m., upon payment of FS1,500.00 (Riteen hundred rease).

John Silva Dakum President of the Bidding Commission

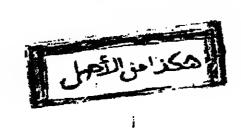
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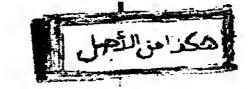
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NEWS: WORLD TRADE

Hare and tortoise set for Americas' free trade race

The US is in a hurry for hemispheric cuts in tariffs; Brazil is not so sure. Stephen Fidler and Geoff Dyer on the battle to open up lucrative markets

t is being billed in Brazil damental differences in the tariffs in the late 1980s and in a US complaint to the ando Henrique Cardoso as a clash between the two largest economies in the Americas on how to proceed towards a free trada area for the western hemi-

The venue is the southeastern Brazilian city of Belo Horizonie, where trade ministers representing 34 countries from the western hemisohere meet this week.

Leaders from the 34 - all the countries of the hemisphere except Cuba - agreed at a summit in Miami in 1994 to have an agreement on a Free Trade Area of the Americas (FTAA) in place by

The Belo Horizonte meeting is meant to provide the such as disputes settlement groundwork for the next and rules of origin. Only hemispheric summit in the then, by perhaps 2003, would Chilean capital, Santiago, next March. After that, negotiations proper to an FTAA are scheduled to begin.

Agreement has so far been reached on two issues: tariff place by 2005 and whatever is agreed will be part of a kets in Latin America. single agreement, rather than a ceries of separate ments undertook a aignifiundertakings. However, fun- cant unilateral reduction in

approach to the FTAA have

On one side, the US, backed by Canada, wants to move into talks on reducing tariffs straight after the Santiago summit. On the other, Brazil - also speaking on hehalf of its Mercosur partners, Argentina, Uruguay and Paraguay – favours a gradual build-up to talks on tariffs.

Brazil wants a three-stage approach. Step one, to begin next year, would involve negotiations over what it calls businesa facilitation and deregulation. Then it would embark on negotiations on trade related rules, the talks on tariffs begin.

The US, on the other hand, wants to start negotiations on all these issues at the same time. Its priority is the fastest possible opening to reductions ebould he in US companies of what it views as fast growing mar-

Latin Amarican govern-

bas slowed and tariffs remain relatively high in be said.

international terms. Mr Bill Daley, the US secretary of commerce, recant trade financiog launched a broadside against restrictions and criticised Brazil's trade restrictions as he arrived there this week. He criticised the Brazilian

Washington's priority is the fastest possible opening to US companies of fast growing markets in

Latin America

automobile regime, requiring foreign carmakers to maintain factories in Brazil in order to import cars at half the normal 70 per cent tariff and setting quotas on eligible imports.

This measure was "a clear violation of WTO rules" and would, if not resolved, result

early 1990s, but that pace World Trade Organisation "sooner rather than later",

He also expressed "serious the slow pace of copyright and computer software protection legisletion.

Howevar, be added that Brazil was one of 10 markets expected to account for over 40 per cent of total world imports and growth over the next 15 years. It was therefore "one in which we are aggressively seeking commercial relations."

Brazil has its own complaints against US trade barriers - in particular to textiles, shoes, orange juice and other agricultural products and against the US section 301 legislation which allows Washington to take unilateral action against producers deemed to be trading unfairly.

According to Brazilian diplomats, the US attitude to the agricultural sector will be the key to whether any progress can be made at Belo Horizonte, President Fern-

ing: "Regional integration depends a lot more on the capacity of countries in the concerns" about Brazil's north to open up their mar-

> The FTAA negotiations are a dangerous game for Mr Cardoso, who is expected to stand for re-election next year. Brazil'a first wava of tariff reductions has led to a widening trade deficit. expected to exceed \$10bn this year.

According to Mr Luiz Felipe Lampreia, Brazilian foreign minister, the economy was "submitted to an intense competitive shock in the early 1990s as a result of tariff reductions and the creation on Mercosur. He argues that It is too early inflict another shock on industry.

If the government is perceived to be moving too fast in terms of tariff reduction, it risks a strong domestic backlash. And if it loses control over the trade debate, it could weaken support for other aspects of its marketorleoted economic pro-

Western hemisphere globel exports (\$bn) North American Free Trade Agreement Latin America and the CACM Caribbean global exports (\$bn) Central American Common Market

Exports from the Americas

Mr Rubens Ricupero, the Brazilian political establishformer finance minister, ment. The government gave an indication of tha would not want a go-slow on anxiety that the FTAA was creating when he said that Brazil was "playing with its

destiny" in these talks. Nonetheless, the talks also provide an opportunity for as the basis for wide-ranging the government to assert a agreement on bemispheric regional leadership role, a issues such as security, drug long-beld ambition of the trafficking, the environment

trade to endanger its chance of regional leadership. Brazil and the US differ on other issues too. The US would like to use the FTAA

and labour iseues. Brazil takes a much more narrow approach, balieving the accords should be limited to

There are some areas of agreement, however. Against the objections of Mexico and others, both the US and Brazil would like to ace trade unions consulted closely in the negotiations, rather as corporations are at

Moreover, with President Bill Clinton making his first visit to Brazil in October, there are strong reasons of diplomacy for leaving the door open for compromise. Such a compromise, say Brazilian officials, might allow negotiations on a tariff reduction schedule to start next year - leaving a decision on the date of implementation until later

Washington's ability to push lts own more rapld timetable for tariff reductions in any case depends on whether it can convince Latin American governments that it can follow up on its pledges. That depends on Congress granting "fast track" authority - which allows the administration to negotiate trade deals without a line-by-line veto from which there has been little

Argentina's wine takes on fresh sparkle

The country is challenging the top growers in the New World. Andrea Campbell reports

Since a Chilean monk during the years of military first planted grape rule and when democracy vinea in Argentina was restored in 1983 hyperented Andean neighbour.

But after the successes of such countries as Australia nomic opening brought on and South Africa, Argentina by monetary stabilisation in is looking to clear a shelf for the early 1990s that the itself among the younger, fruitier New World wines that have come to challenge Europe's wine industry.

Argentina is the fourth largest wine producer in the world, but the full-bodied wines crafted to complement a hearty steak have failed to find favour in international fine wine circles. That is, until now.

A newly reinvigorated industry has been attending international exhibitions, sponsoring tasting tours and flying in wine journalists and critics to savour Cabernet, Malbec and Merlot fed on glacial springs and mountain sunlight.

By adapting Argentine wines more to international tastes and teaming up with government in a joint effort to market their winaa abroad, Argentine wineries have seen sales of fine wines jnmp by 300 per cent between 1994 and 1996. With the guidance of the Argentine Wine Producers' Association, 30 of tha country's 1,500 wineries have banded together under the banner of Argentina Top Winas, through which fina wine producers have managed to quadrupla exports to trendsetting markets such as the UK.

The Argentine wina industry is taking off and it'a because the wine producers want to make this happen," said Mr Mario Giordano, manager of the Argentine Wine Producer's Associa-

The 107-year-old Bodega Lavaque, in the heart of the wine-producing province of Mendoza, has invested US\$20m in the last faw years, acquiring the best grape varieties from around the world, contracting viticulturists from California, Australia and Franca, and investing in French oak barrels and new labels.

Following the example of California's Napa Valley, Lavaque added a showroom. restaurant and botel complex to Its Michel Torino winery in the northern province of Salta. Lavaque and other fine wine producers are betting that new investments will bring new markets to replace the steady decline in internal consumption due to increased competition from beer and soft drinks. So far Lavaque's investment has paid off with sales doubling since 1995.

The industry's new energy comes after years of decline. Many countries refused to buy wine from Argentina

more than 400 years ago inflation paralysed the econ-Argentine wines seem to omy. As a result, winery have been lost in the world's investment was non-existent wine cellars among the and the number of planted numerous bottles from hectares dropped from Chile, its more export-ori- 300,000 in 1978 to the current 200,000. It was not until the eco-

industry began to breathe an influx of foreign investment. In the last few years beverage multinationale snch ae Pernod Ricard, Allied Domecq and Hiram Walker have all acquired Argentine wineries

The renewed confidence brought with it a change in direction. After years of planting high-yield low-quality grapes for table wines, the wineries are returning to their fine wine roots.

The US and Britain remain Argentina'a main markets, bnt the wineries are also looking to develop a footbold

The country's producers have seen fine wine sales jump 300 per cent from 1994 to 1996

in the Far East, where small shipments have begun arriving in Japan and Hong

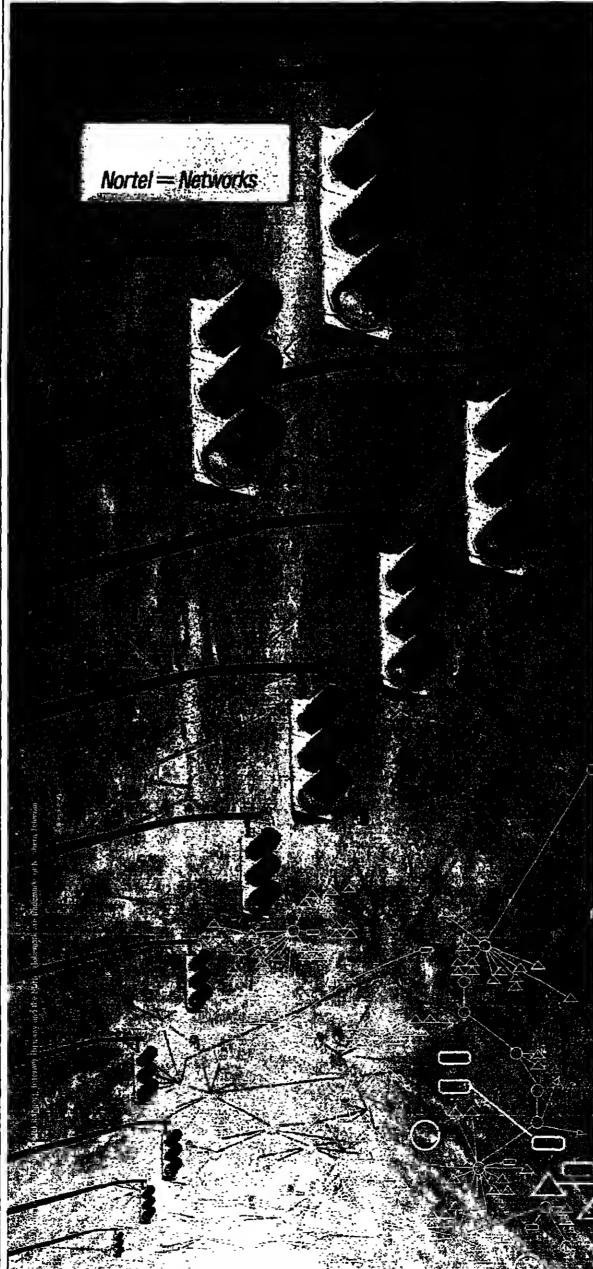
The only obstacla to what appears to be an unlimited growth potential is Argentina's liheral usa of wine denominations from other countries. By not legally defining its own origins and varieties, Argentina is facing a commercial backlash from some countries euch as Spain, which has held up the delivery of 10,000 cases of red wina to Sweden since

The wine's labelling. called La Rioja after the Argentine province, is being rejected by Spain, which has its own Rioja denominated

Exports still represent less than 9 per cent of overall production compared with 20 per cent in Chile, and the Argentines would like to copy Chile's marketing success and combina it with their vastly greater production volume.

But unlike the Chileans, who have flooded the market with cheap wines and are now faced with trying to raise prices on their limited production, the Argentine plan is to sell fine wines at mid-level prices, said one leading wine exporter.

"Chile has been a good business for all retailers and Argentina is going to be an even better business - and we aren't going to run out of wine," the exporter said.



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Snubbed US concern at property dealer's death Israeli envoy resigns

By Judy Dempsey

israel's new ambassador to Jordan resigned yesterday after Mr Benjamin Natanyahn, the prime minister. failed to inform him in advance of his secret meeting last week with King

breakdown of communication and cousultation between Mr Netanyahn and the foreign ministry. Even though he promised more open government after last month's Bar-On scandal, senior officials said Mr Netanyahu remained suspicious of anyone who did not help him win the election or is not a loyal Likud sup-

Mr Eran told Israel radio he did not intend to be a censor or an obstacle to meetings, "hnt there is a need to brief the embassy on actions heing takan." Mr Netanyahn had flown to the Jordanian port of Aqaba to resolve a water dispute and to try to mend relations with lareel's only Arah

Mr Shai Bazak, Mr Netanyahn's spokesman, said the foreign ministry was not inture there would be co-operation with the By Judy Dempsey in Jerusalem

The death of a Palestinian real estate dealer has highlighted a growing struggle by Palestinians to hold on to land in east Jerusalem and has led Washington to express its concern at possible political motives.

Mr Farid Bashiti, who Palestinian human rights groups said "had many enemies", had been selling Palestinian land in east Jerusalem to Jews for 30 years.

took place in the West Bank town of Ramallah, coincides with attempts by the Palestinian Authority to impose harsh measures on any Palestinian selling land to Jews.

At the sama time the Israeli government continues to confiscate land in Arab east Jerusalem and Palestinians face increasing difficulties in keeping their residence in the city after living ahroad. The US State Department

from selling land to Jews when Jordan governed the West Bank and east Jerusalem between 1948 and 1967. Mr Shawqi Issa, director of

death was found to be politi-

cally motivated, but would

Mr Freih Ahu Medein, the

Palestinian Authority's jus-

which hanned Palestinians

await results of an inquiry,

ians in Israel. Furthermore, Palestinians had had no right to compensation, nor right of return or restitution tice minister, last week of their land when they fled revived an old Jordanian law Israel after the 1948 war of independence or the 1967

Since 1948 Palestinian property in Israel or the West Bank was often sold through intermediaries to LAW, a Palestinian human Jews or confiscated. rights organisation, said he

"It means that if the refu-

Any privatisation scheme

faces enormous obstacles.

The most problematic is a

government-imposed ban on

flights on the Jewish sab-

bath, from Fridays at sunset

to Saturday nighta. This

grounda El Al's fleet for

ahout 20 per cent of its

potential flying time, and

costs an estimated \$40m-

transport minister who must

approve the sell-off, is an

orthodox Jew who has

vowed to impose this ban on

Mr Feldshuh knows priva-

tisation of El Al will not take

off if the government insists

Mr Yitzhak Levy, the

\$80m in annual profits.

any potential huver

turbing" if Mr Bashitt's since Israel prevented Jews Palestinians will not be able from selling land to Palestin- to seek any kind of compensation because the land will have been registered in the Israeli land registry." Mr Issa said. "Land documents could become worthless

pieces of paper." The struggle to hold on to land has been supported hy the Palestinian-appointed mufti of Jerusalem, Akrime Sebri. Last week, he told worshippers at the Al-Aksa Mosque that Moslems who sold land to non-believers in Jerusalem would be considwould be denied a Moslem burial.

Attempts to stem Palestinian property sales to Jews have also won support from a group of Palestinian and Jordanian husinessmen which last month launched a campaign to raise \$500m to in Geneva huy and develop Arah property in east Jerusalem through a holding company. It will also offer legal help to east Jerusalem property owners to protect their real

to head

Seven

in race

Organisation ends its annual assembly today with seven candidates already declared in the race to succeed Dr Hiroshi Nakajima of Japan as director-general next

Front-runners at this stage are said to be Mrs Gro Harlem Brundtland, former prime minister of Norway, and Dr Nafis Sadik of Pakistan, head of tha United

Nations Population Fund. Tha other candidates are Sir George Alleyne of Barba-dos, director of the WHO's regional office for the Americas; Dr Fernando Antezana Aranibar of Bolivia, a WHO deputy director general; Dr Arif Bataineh, former Jordanian health minister; Dr Uton Muchtar Rafei of Indonesia, regional director for south-east Asia, and Dr Ebrahim Samba, regional director for Africa (from Gambia)

Formal nominations open in July. The final selection will be made hy the WHO's 31-member executive board next January for approval by the World Health Assembly

in May next year. Ms Donna Shalala, US health secretary, said last week that Washington had not taken a position on any of the candidates in a "very strong field" and was concentrating on the reforms it wants the new director-gen-

eral to pursue. Dr Nakajima's two terms in office have been marred by persistent criticism from the US and other western governments of his management performance and lead-

ership. Washington failed at this year's assembly to push through a 5 per cent hudget cut for 1998-99, securing only an accord to keep the regular hudget at the present \$842.7m for the two years rather than the \$846.1m proposed by Dr Nakajima.

The US expects to see its own contribution fall substantially next year, because of a general review of country assessments now under way at the UN in New York. Washington at present pays 25 per cent of the regular hudget of the UN and the main specialised agencies, a share it hopes to reduce to 20 per cent for the coming two

Another resolution adopted on Monday asks the recommendations on the

The resignation of Mr Oden gran highlights a breakdown of communication of

By Avi Machlis in Tel Aviv

The board of directors of E Al, Israal's loss-making state-owned airline, will today consider measures to turn around the company's fortunes, spelled out in a 250-

page strategic plan. The need to rehabilitate the airline follows estimated losses of \$80m (£49m) on revenues of \$1.2bn last year. Mr Joel Feldshuh, the newly appointed president. hopes to cut those losses to

\$45m this year. His task has taken on extra urgency since the government recently revived promises to privatise the company. But six months into the job, Mr Feldshuh has discov-

ered that preparing the airline for privatisation is no easy task. Rising fuel prices, an overvalued shekel and a slight

drop in tourist traffic to

Feldshuh: urgent task

2.35m in 1996 contributed to last year's slide into the red. Meanwhile, the govern-ment's decision in 1994 to try to encourage tourism through an "open skies" policy caught El Al unprepared for increased compatition and lower fares.

Mr Feldshuh, a retired air force brigadier-general with Israel from 2.5m in 1995 to only four years' civilian its flagging financial state the airlina doesn't fly

the only way to confront this "new business environment" is to free El Al of government control.

"Tha company needs to be privatised quite hadly," he said. "If you [the government] have opened the market and are preaching free enterprise wa must ha allowed to compete like any other company.

For nearly 10 years, successive governments hava rehashed plans to sell El Al. Mr Raphael Harley, the company's former president, resigned last year in protest at the previous Lahour-led government's lacklustre privatisation efforts.

Mr Benjamin Netanyahu, on keeping his fleet of 28 airthe prime ministar, has craft on the ground each repeatedly pledged to privatise at any cost. This commitment will be

"No reasonabla person will huy into the company put to the test with El Al, if they know it will cost them \$80m a year because especially since analysts say

would draw a low valuation. seven days a week," he said. Profits are also squeezed hy steep security costs. Even if the sahhath han is scrapped, the government will ensure tight security is maintained under any future owner. El Al spent ahout \$30m on security in 1996, while the government paid an additional \$90m.

Airtight security is El Al's trademark, but it has contributed to its reputation for poor inflight service, as many passengers who have experienced pre-flight interrogations can attest. "But service and security do not contradict," said Mr Feldshuh, pledging to send all of El Al's 3,500 employees including security personnel to service training pro-

grammes as part of the new Improving service alone, however, will not solve El Al's problems. Mr Feldshuh steps to restructure the company. For example, cargo operations, which account for about 20 per cent of revenues, had been given more financial autonomy.

Tha strategic plan also envisages a greater shift towards cargo. This would offset El Al's susceptibility to the volatile tourist industry, while ahandoning unprofitable passenger

Mr Feldshuh has heen attacked in recent weeks hy hoard memhers who now must approve his plan. Mr Ya'akov Perry, director

of the Cellcom cellular telephona natwork, recently resigned from the board saying the new president had not drawn up any "compre-hensive plans" to solve El Al's problems.

It is now up to Mr Feldshuh to prove to them that he is taking El Al on the said he had taken initial smoothest route upwards.

Lunch is off for cassava mite

By Alison Maitland in London

Scientists today claim a breakthrough in control of one of the most devastating pests of cassava, the starchy root crop that is a staple food for nearly 500m people in the developing world.

Field tests using a predatory mite imported into Africa from South America have cut populations of the green mite pest by up to 90 per cent and boosted cassava production hy a third, they said in Washington.

The beneficial mita has now established a presence over 400,000 sq km in west Africa, according to the International Institute of Tropical Agriculture in Ibadan, Nigeria.

Mr Steve Yaninek, who has been conducting trials in Benin, said the international reaearch teams were now seeking funding to spread the predator across central Africa and to parts of the east and south of the continent. The resulting increase in production could be worth \$200m a year to African

farmers.
"This is the first time anywhere that a mite pest on a field crop is being controlled on a continent-wide scale using classical biological control, a method that does not require the use of pesticides," be declared.

Cassava was introduced from south America to Africa 400 years ago, but the green mite, similar to spider mitas found on potted plants, only arrived in 1971. Smaller than a full stop, the mites came unaccompanied by natural predators and disease and destroyed a third to half of the cassava crop in 27 African countries. said Mr Yaninek. Mr Hans Herren, a leading

Swiss entomologiat who helped to save cassava from the devastating mealyhug in the 1980s using a parasitic wasp, welcomed the results of the mite research he initiated 15 years ago. "It shows you will find

solutions in nature if you know where to look, rather than going for heavy investment in (genetic) engineering, which farmers won't be able to afford in the end." Mr Lincoin Smith, biologi-

cal control specialist at the International Centre for Tropical Agriculture in Colomhia, said the predators were collected from the wild in South America and flown in insulated hoxes vie Amsterdam to Benin.

Rigorous tests have been carried out to check the mites do not switch diet to dollar price of oil (the - beneficial insects. "There's a 99.9 per cent chance they're not going to cause problems on anything else," said Mr

Mobutu seeks his salvation in a cleric

By Michela Wrong in Kinshasa

In times of crisis, people turn to religion as a last resort. The maxim has proved true in Zaire, where the cornered President Mobutu Sese Seko is looking to the country's most prominent cleric for his salvation.

A possible role for Catholic Archbishop Laurent Monsengwo, recently re-elected speaker of parliament, is expected to feature at the second round of shipboard talks scheduled between Mr Mobutu and the rebel leader, Mr Laurent Kahila.

With rebels reported to be president appears to have accepted the inevitability of his departure. What ha wants now, diplomats say, is to go with dignity.

Handing over to the archhishop, his constitutional snccessor, who could hold the line until the rebels took over, would allow him to do

That plan, a favourite with French negotiators, looks

A second summit between President Mobutu Sese Seko and the rebel leader. Mr Laurent Kabila, will take place as scheduled on board the SAS Onteniqua today, South African officials insisted yesterday, Michela Wrong reports, President Nelson Mandeia's office said negotiators had drawn up the skeleton of a peace agreement to be confirmed

sense", and insists it wants power passed directly to the rebels. Zaire's main opposi-Waiving the rules forbidding churchmen from playing politics would require the Pope's hlessing,

on the warship and both

leaders had promised to

approval the Vatican would give only if it was clear he was a consensus candidate. While it is looking increasingly unlikely the Arch-hishop of Kisangani will be the next president of Zaire, many believe he has a significant role to play during the the 57-year-old churchman

indicates he shares that

"Monsengwo has a role to play as mediator," insists a church official. "But what precise form that takes remains to be seen." The qualities that fit him

for that task are those that originally dragged him into the hurly-hurly of Zairean politics. Because of Mr Mohutu's

divide-and-rule principle, Zaire's democratic transition has been marred by interminable squahhling among opposition parties, many of them set up as spoilers by the president himself.

When the wrangling at Zaire's ground-hreaking National Conference in the early 1990s, the archbishop was the only neutral figure with the moral stature to arhitrate.

Like a patient schoolmaster, he brought first the unruly conference, then the parliament that replaced it. to heel, guiding a new constitution clause by clause through the chamber. Few others could have

seen the task through. But Liberation of Congo (AFDL) has returned to Kinshasa the archbishop, holder of a has dismissed it as "non- from a long stay in Rome doctorate in biblical studies,



is an intellectual heavyand a prolific author, he speaks Swahili, Lingala and French, and can crack jokes

in both Italian and Latin. Supporters say the archhishop believed it was possihle to reform the regime by confining Mr Mohutu's

dictatorship. speaker in 1995, an ousting But for the radical opposi- he and western diplomats dictatorship.

weight. Widely travelled, the 1994 sidelining of Mr Etienne Tshisekedi, allowing Mr Kengo Wa Dondo to be nominated prime minister in his stead, meant he was a Mobutu supporter.

Opposition newspapers heaped abuse on him and his reputation was seriously sweeping powers within a dented. In an unholy allilegal framework. History ance, Mr Mobutu's supportsuggests the opposite: that ers and the opposition joined only armed revolt can oust a hands to sack him as

recognised only in 1996. Moderate politicians have since admitted sacking the archhishop was a serious mistake, but he swore never

The fact that despite such a scarring experience he is considering re-entering the fray suggests that like many Zaireans, he fears the approaching crisis could be laying his reputation on the

to dahble again in politics.

World Health Assembly is due to adopt a series of resolutions, including one condemning the possible cloning of humans as "ethically unacceptable".

WHO to monitor and make rapid growth of medicine sales through the internet. Many fear the practice could put consumers at risk so apocalyptic it is worth through uncontrolled distribution of prescription medi-

an African economies sustain their recovery?

The world's poorest continent must attract global capital to maintain economic growth, argues Tony Hawkins

P lip or trend? Is Sub-Saharan Africa in the the dollar prices of oil and throes of a sustained economic upswing or is last year's 5 per cent growth in similar expansion this year. a flash in the pan? The aid lobby, conscious

that its standing in Africa has never been lower, hopes the region is turning the corthe International Monetary Fund's World Economic Outlook. "that the implementation of stronger macroecopolicies and improvements in governance have begun to produce higher growth in an increasing number of coun-

The IMF sees continued recovery in several Franc Zone economies following the 50 per cent devaluation of the CFA franc three years ago, while Ghana, Kenya. Malawi and Uganda are also achieving success.

Last year'a 5 per cent growth in African economies was tha best in two decades, reflacting "strong activity" in primary product sectors, especially agriculture, as several countries recovered after poor weather.

The 28 per cent rise in the

ragion's top export) in

1995-96 was an important fac-

tor along with the 1994-95

upturn in non-fuel commod-

ity prices. But with some of

non-fuel commodities - running out of steam or being reversed this year, and with less favourable weather in parts of southern and east Africa, some slowdown in growth is likely.

The growth performance is walcome after 20 years of declining real per capita incomes, but whether it can he sustained depends not just on the momentum of economic and political reform heing maintained. which cannot be taken for granted, hut also on the emergence of a very different pattern of development. Many of the region's current difficulties can be

traced to its failure - or inability - to participate in the globalisation process. Tha IMF notes that the region's share of world trade has fallen from 3 per cent in the mid-1950s to 1 per cent in 1995. It attracts a mere 3 per

cent of the foreign direct

investment to developing

Since 1965, the average per capita income in Africa has halved from 14 per cent of average industrial country levels to 7 per cent. Today, 47 suh-Saharan countries account for only 2.4 per cent of global GDP. And of that, gas and mining sectors, espealmost 40 per cent is contributed hy just two countries,

African economy: blip or recovery?

higger share of world exports and of capital flows.

There are some encouraging developments - notably accelerating privatisation in several countries, but more importantly the revival of international exploration and development in the oil, cially in West Africa.

needed to generate Asianstyle manufacturing led and export-led growth. This not going to happen

without a strong revival of private investment and especially, foreign investment. Recent trends are dispiriting; while the decline in aid has a positive flipside - forcing governments to court But because such a growth private capital far more South Africa and Nigeria. pattern deepens dependence aggressively than hefore - \$5.2bn in 1994 to \$11.8bn last in at least half of the 47

falls well short of what is ran countries are making any real headway.

According to the World Bank, aggregate net resource flows to the region rose 12 per cent last year to over \$26bn, hut more than half of this came from official sources, including \$11.8bn in. grants - 38 per cent of the global aid flow.

And while private flows more than doubled from

one country, South Africa. It accounted for \$5.6bn of the \$5.8hn in commercial bank lending to sub-saharan countries, while more than half the \$800m in net bond horrowing hy Pretoria. About 89 per cent of portfolio equity flows went to South Africa too.

investment increased 18 per ceot to \$2.6bn in 1996, not no small measure by fosteronly was this lower than in 1994 (\$3.1hn) hut the hulk went to a handful of oil exporters - Nigeria, Angola, Cameroon and Gabon. Meanwhile, Sub-Saharan

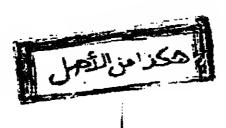
Africa's share of foreign direct investment in developing countries continues its gentle slide - to 2.4 per cent last year from over 3 per cent in the early 1990s. Although aid flows increased in 1996, after adjustment for exchange rate changes and inflation, they have fallen 15 per cent from their 1990 peak, and the region's aid/ GNP ratio declined to 7.8 per cent in 1994-95 from 22 per cent a decade ago.

Twenty years of huge aid inflows have left the region with precious little to show for itself other than an often unsustainable foreign debt burden. But so long as private investment flows are so heavily concentrated in a For the blip to become a on primary commodities it only a handful of sub-Saha- year, over half went to just countries will depend sub-

stantially on foreign aid. The 1995-96 upswing will be sustained only if four long-term trends are reversed - the decline in agricultural output, daissues represented offshore industrialisation, falling investment in both the private and public sectors, and the deterioration in the region's institutional capac-While foreign direct ity, to which the donor community has contributed in ing aid addiction. A generation of aid initia-tives has left a legacy of

understandable scepticism. The current crop - Washington's African Growth and Opportunity Act, the World Bank and the IMF's deht reduction initiative for highly indebted countries, Unido's Alliance for African Industrialisation with its focus on agro-industry whera the continent has competitive advantage - are all steps in the right direc-tion, but whether they will create the platform for self-sustaining sub-Saharan growth is problematic.

The hard reality is that no aid programme can deliver the foreign private investment, without which sub-Saharan Africa will continue to lag the rest of the developing world. Aid, if it builds rather than undermines capacity and institutions, can help



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MAY 14 1997

PRESIDENT American Stock Exchange

Even for Tom Ryan, President of the American Stock Exchange, some markets move much too fast. Like computers. "It makes buying decisions tough," says Ryan. "And turns systems into orphans way too soon." The American Stock Exchange chose DIGITAL solutions **Buying computers that are** people ought to be sensitive about for investment protection. "Computer that issue. No matter how great their new stuff is, fast today, it ought to work with... even optimise... their old obsolete tomorrow just isn't 25 million transactions per day, the stuff. DIGITAL does it." With over one-off technologies. Exchange can't take a chance on trading applications as well as in-house finance, accounting and PC-based networking. From fully redundant OpenVMS™ systems running UNIX, the Exchange benefits from a single, unified solution delivering the availability and dependability countless investors depend on. You could say DIGITAL has invested heavily in the one thing too often neglected in the computer business- futures. Call 1-800-DIGITAL, ext 535 or visit www.digital.com, and make the DIGITAL edge your own.



HK warning on

bank computers

Almost half of Hong Kong's banks have not made plans to

prepare for potential computer malfunctions at the arrival

of the year 2000, according to a survey by the Hong Kong

Monetary Authority, the territory's banking industry regulator. Mr David Carse, deputy chief executive, urged

"Everybody faces the same deadline and is competing for

When the year 2000 begins computers that have not

According to the HKMA survey, only 29 per cent of banking institutions have already taken the measures

he said. "The issue is one of continuing your business

been programmed to recognise the new date will malfunction. He warned that in addition to disruption and

banking executives to take action. "There is no magic

solution and you need to deal with it now," he said.

scarce resources to put the problem right," he said.

osses, banks could be exposed to law suits.

ASIA-PACIFIC NEWS DIGEST

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Chirac to clinch trade deals in China

By James Harding in Shanghai

Mr Jacques Chirac, the French president, arrives in Beijing tomorrow to seal a chutch of big contracts, boosting French business interests in China and cementing an improvement in bilateral rela-

Mr Chirac's visit, on which be France's protests over human thank you to France for taking its ton's efforts to improve political

aircraft to Taiwan.

China is expected to sign a multibillion-dollar order for European yesterday. Airbuses and grant operating licences to Axa UAP, the French insurance company, and several French banks.

France recently earned Beijing's gratitude - and criticism from will be accompanied by more than many of its European Union part-50 top French businessmen, is the ners - by taking the lead in scupfirst by a French president since pering a Danish-sponsored pro- in Washington, where there are 1983. It marks the restoration of posal for a UN resolution concerns that any hint of Chinese Paris' close relationship with Bei- condemning China's human rights favouritism towards Airbus could jing, dogged for a decade by record. "China will be saying complicate US President Bill Clin-

rights abuses and its sale of fighter side [on human rights] in the only and trade relations with Belfing. way it knows how, by signing contracts," a European diplomat said

> Industry insiders believe China may order as many as 50 Airbuses worth about \$2bn - three times the value of the contract for five Boeing 777-200 airliners signed when Mr Al Gore, the US vice-president, visited China in late March.

The deal will be watched closely

Soms observers fear erosion of tion campaign, is intended to rein-Boeing's dominance of the Chinese forca his image at home as an market could increase alarm in exports salesman. Congress over China's rising trade

Nation trade status this year. Mr Chirac will also be lobbying for GEC-Alsthom's bid to build turbines for the Three Gorges Dam. in Beijing. the world's largest hydroelectric project. The project has been criticised as unsound by the US and by environmentalists.

renewal of China's Most Favoured

The French president's visit, dur-

ing France's parliamentary elec-

As well as granting Axa UAP one surplus with the US and hand of the first licences issues to a ammunition to opponents of European company to conduct life insurance business in Shanghai, China is expected to anthorise Banque Nationale de Paris and Société Générale to open branches

> After meeting China's President Jiang Zemin tomorrow afternoon, Mr Chirac is expected to preside over an intergovernmental agree-

> > well as big one-off contracts

could raise France's perfor-

mance in China. "There is a

problem of the willingness of

French enterprises to come

to China. It is far away. The

language is difficult. And,

perhaps, they have less

dynamism than other Euro-

pean businessmen," says a

though is political. As one

rival European official

observes: "The French often

do not seem capable of

standing up without some

political help. They rely too

heavily on concessional

finance. They rely on

high-level diplomacy. And

that means that when rela-

tions are good, so is busi-

Mr Chirac's visit will

almost certainly be heralded

commercial results. What

will matter, though, is corpo-

rate France's performance

James Harding

The broader problem

French diplomat.

needed for the date change at the end of the century. Mr Carse said there may have to be formal action under the banking ordinance. "Wa have the legal powers if necessary to enforce action on authorised institutions," notably France's outspoken medium-sized businesses as stand following the Tianan-well as big one-off contracts

John Ridding, Hong Kong after the year 2000." Japanese machinery purchases Japanese companies spent 0.1 per cent more on machinery in March than they did in the same month last year, and are set to increase their purchases further over the next few months, on the evidence of official data released yesterday. The latest government survey of machinery spending, an advance indicator of general

to a recent rise in sales tax. Machinery orders are forecast to rise by 4.5 per cent from the three months ending in January to the current quarter ending in June, according to a survey of 300 large companies by the Economic Planning Agency. This comes after a 7 per cent decline in orders in the three months to March by comparison with the previous quarter. "The basic trend of continuing increases has not changed," said William Dawkins, Tokyo

corporate capital investment six to nine months ahead, appears to support the view of many equity investors that

the Japanese economy is standing up better than expected

China warning on Spratlys

The war of words between Manila and Beijing over the Spratly islands escalated yesterday as China warned that raising a Philippine flag on a disputed island was "a serious violation" of its sovereignty. Mr Hao Yinbiao. Chinese embassy spokesman, said Beijing's sovereignty over Scarborough shoal was not disputed by the international community. "Actions of the Philippine side have constituted a serious violation of China's territorial integrity," be said. Mr Hao said China was engaged in "joint international amateur radio exploration activities"

French exports ride on backs of politicians

European husinessmen in China that their operations proceed pretty smoothly until politicians back home interfere

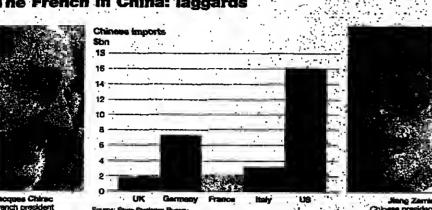
and foul things up.
In the case of France's relationship with China, bowever, the perception is arguably the reverse.

Over the years, French politicians have provad adept at securing lucrative deals, but, left to their own devices, the country's businessmen have had a patchy record in China.

President Jacques Chirac. who arrives in Beijing tomorrow, is keenly aware that corporate France is punching beneath its weight. "France does not occupy yet in China a place which measures up to the potential of our two economies." be told Chinese state media this

French exports, which make up 5.6 per cent of world trade, account for only 1.67 per cent of sales into China, France ranks 11th among foreign countries sellnot only Germany, but also man will be lobbying the nuclear reactor supplier, rand years, confrontation ltaly, Canada and South Chinese on behalf of GEC won the contract to supply over human rights abuses.

The French in China: laggards



0.8 per cent of investment in China in 1995, well behind the UK and Germany.

Mr Chirac, on his longest visit to a single country since becoming president in 1995, wants to see French exports to rise to 6 per cent of China's total trade and a bundle of contracts to be signed tomorrow should lift the figures for 1997.

Beyond the signing cere-

Korea. France accounted for Alsthom's bid for at least the 1,800MW Daya Bay comincluding turbines and generators, that will serve the \$30bn Three Gorges dam.

The pattern is familiar. While most foreign dignitaries expect visits to China to be accompanied by highprofile deals, France's leaders have a history of generating business After President Miter-

rand's visit in 1983, ing goods to China, behind monies, Mr Chirac the sales- Framatome, the Freoch won the contract to supply over human rights abuses,

tralia's unemployment prob-

some of the 14 power units, plex north-east of Hong Kong, still regarded by French commercial officials as "the most successful French deal in China". Following Prime Minister Edouard Balladur's trip in 1994. Framatome won part of

> at nearby Ling Ao. Politics bas not always been kind to French businesses. During the Mitter-

to another 1,800MW facility

men massacre in 1989, hurt business. Nor did the deal five years ago to sell Mirage fighter jets to Taiwan win the French favour in Beifing. which regards the island as a renegade province. There have heen some notable successes. For exam-

ple, Alcatel, the telecoms equipment supplier, bas built stroog market share regardless of the sometimes stormy relationship between Paris and Beijing. But the record in general bas not been inspiring. Peug-

eot, the French carmaker, is poised to withdraw from its disastrous joint venture in Guangdong in sonthern China, baving taken a minority stake and then struggled to control the enterprise in a fiercely com-

petitive car market.

Elf Aquitaine, in spite of ness interests m characteristic mession of the French president squeezes what he calls the squeezes what he calls the squeezes what he calls the the contract for the reactors still known for having predramatic withdrawals in recent years, pulling out of a planned \$2.5bn Shanghai oil refinery in the light of soar-French officials believe

Collapse of Texas Instruments deal an isolated case, says minister

Thai hi-tech plans 'on course'

By Peter Montagnon in Fukuoka, Japan

The collapse of the \$1.4bn partnership between Alphatec of Thailand and Texas Instruments to establish electronics plants in Thailand is an isolated case which does not threaten the country's efforts to upgrade iis industry and expand its higher-value-added exports. Mr Amnnay Viravan, the finance minister, said.

Alphatec blamed the break-up of its partnership at the end of last week oo Thailand's economic slowdown and resulting financial crisis. Mr Charn Uswachoke, its president, said banks' losses on property development were making them more careful about all forms Thai government to take a approach, like that of Singapore, in promoting high

technology industry. interview during the annual crisis." meeting of the Asian Devel-

The Thai government must make further budget cuts or raise taxes this year, to avoid the country's first budget deficit in more than a decade, Thailand's central bank governor said yesterday, Ted Bardacke reports from Bangkok. Mr Rerngchai Marakonond said a deficit, projected at about Bt20bn (\$770m) even after

an emergency round of budget cuts earlier this year, would further shake investor confidence. especially now he expected growth to be no more than 6 Japan, that there was no

need for any policy switch. Alphatec's problems arose because its financial needs were simply too large for of lending. He called on the Thailand's markets. "Alphatec may have to slow down more interventionist its expansion and seek a new partner," he said. "They bave to blame someone if they cannot raise funds, but But Mr Amuuay said in an I would argue that it's not a

Mr Amnuay pointed to opment Bank in Fukuoka. IBM's expansioo in Thailand

per cent this year. "Our economy is still in a transitional step toward stability. To maintain that stability, we need to keep fiscal discipline," Mr Rerngchai declared.He would meet Gen Chavalit Yongchaiyudh, the prime minister, tomorrow to discuss the matter. Analysts say Gen Chavalit will have a hard time convincing his coalition partners to accept further spending cuts. But a budget deficit would be likely to trigger a noconfidence motion in July.

which was set to generate exports of over \$3bn in the next three years as evidence the country was successfully promoting technological advance. Thailand was also strong in automotive parts which required high technology, he said, and multinationals were not short of funds for investment.

General Chavalit Yongchannounced that be might take a more active role in

the wake of the Alphatec development, with possibly a reduced role for Mr Amnuay. But the finance minister said the reports were distorted.

Thailand was on course with its policy to promote economic adjustment while maintaining reasonable growth, he added. The property lending crisis was past its worst because banks had taken account of the lower prices likely to be achieved as more property came on to the market. Short-term debt. had fallen to 43 per cent of total foreign debt from a peak of nearly 50 per cent. Thailand's foreign debt is

\$87bn. Mr Amnuay said that, thanks to repurchase arrangements with other central banks, Thailand could muster an additional \$40bn to \$50bn to defend its currency, the baht, against speculative attack. This was on top of its foreign exchange reserves of \$40bn. Foreign aiyudh, prime minister, exchange dealers believe this puts him in a strong position to defend the currency.

Canberra to repay A\$5bn debt

By Nikki Tait in Canberra

The Australian federal government yesterday announced plans to repay A\$5.2bn (US\$4bn) of debt over the coming financial year, saying A\$10bn-plus of privatisation receipts should push its budget finances to a A\$6.4bn "beadlins" surpius in 1997-98.

it will be the first time since tha fate 1980s that the country's debt position has

In its second budget since winning office, Australia's ment said it expected to Australians from debt and have no oet borrowing requirement through to the threatened to choke them. turn of the century. It expected total debt repaid over the prospects are getting next four years would be brighter and our opportuninext four years would be almost A\$26bn.

as a portion of gross domestic product would drop from 19 per cent in 1995-96 to about 10.5 per cent by claimed it was a budget "by

Mr Peter Costello, federal treasurer, claimed the privatisation programme and associated borrowing repayments would "free future



the debt servicing costs that "By paying our way...our ties greater." he told federal

Federal government debt parliament last night. The government's strategy was immediately attacked by the Labor opposition, which accountants, for accountants - and oothing to do with

people" Mr Gareth Evans, shadow "lack of attention" to Aus- financial year.

lem. "The government knows you can't do anything Budget deficit as a% of GDP. about unemployment unless growth is over 4 per cent," he said. "This is the most directionless, complacent budget I've ever seen, in doing nothing about the nation's biggest problem." The budget forecasts point to an improvement in the a tiny "headline" surplus of

economy in the next financial year, with growth predicted to reach 3.75 per cent in 1997-98, largely because of higher private consumption speoding, against about 2.5-3 cent oow. initation should remain modest, the headline rate at just 1 per But unemployment will

probably remain high, with the jobless rate forecast to stand at about 8 per cent by former Labor government's mid-1998, against 8.8 per cent at present.

Continued growth in business investment is forecast. though slower overall than in 1997-98, with oo improvement seen for the current account deficit, expected to reach A\$21bn, or about 4 per treasurer, homed in oo the ceot of GDP, in the cext

"underlying" deficit in the current 1996-97 financial year should be about A\$6.9bn, compared with the A\$5.6bn forecast at the time of the last budget, though asset sale proceeds and a special dividend from Telstra, the government-owned telecoms group, should mean

The government said its

By 1997-98, privatisation proceeds would swell to A\$10.3bn, because of proceeds from airport and rail sales and partial privatisation of Telstra Coupled with some rela-

A\$800m.

tively modest extra outlay savings announced yesterday, partly from health and pharmaceutical payments, and the replacement of the superannuation plan with a much cheaper savings rebate scheme, this should leave an underlying deficit of A\$3.9bn in 1997-98, and a "headline" surplus of A\$6.4bn.

These new savings would then be sufficient to ensure an underlying surplus, even before privatisation receipts, of A\$1.6bn by 1998-99.



NOTICE TO SHAREHOLDERS OF MLH REALTY INVESTMENTS VI N.V.

Annual Meeting of Shareholders of

I. Report by Board of Supervisory Directors on the course of business of the Course

Confirmation of the resignation and discharge of Mr. D. Brace Brancos as a member of the Board of Supervisions as per May I, 1997.

Report by the Board of Managing Directors on the course of business during the fiscal year ended November 34 1996 and the month ended December 31, 1996.

her 30, 1996 and the month ended December 31, 1996 and as presented in the report of the accounting firm of Erust & Young LLP dated February 14, 1997.
Discharge and subsequent re-election of the Board of Managing Directors.
Selection of independent auditors.

Shareholders, by executing the subscription agreement for their shares have executed a discretionary proxy in favour of Yvomante Corporation N.V. to vote the investor's shares. This proxy may be revoked either personally at the General Meeting of Shareholders or by written notice to Yvomante Corporation N.V., 14, John B. Generalweg, Current, Netherlands Antilles, received prior to such meeting. Shareholders have the opportunity to instruct Yvomante Corporation N.V.-as to the voting of their shares by writing to Yvomante Corporation N.V.-as to the voting of their shares by writing to Yvomante Corporation N.V. at the above address.

MLH REALTY INVESTMENTS VI N.V.

ISSUED BY MLH REALTY INVESTMENTS VI N.V.

A recent review of the allocations of principal and interest payments between Series A and Series B bond holders has revealed a slight over allocation of principal payments to series B bond holders. Series A investors received \$6.11 more interest and \$6.11 less principal than previously reported, while Series B investors received \$1.67 more principal and \$1.67 less interest than previously reported. As a result, since February 15, 1996, Series A bonds have been estitent with the foregoing reallocation.

By: MLH Realty Investments VI (A) N.V. Inc. (a wholly-owned subsidiary of the Company)

LEGAL NOTICES

KINGSCROFT INSURANCE COMPANY LIMITED (formerly Kraft Insurance Company Limited, Dart and Kraft Insurance Company Limited, and Dart Insurance Company Limited)

WALBROOK INSURANCE COMPANY LIMITED

and EL PASO INSURANCE COMPANY LIMITED

LIME STREET INSURANCE COMPANY LIMITED (formerly Louisville Insurance Company Limited)

2pd MUTUAL REINSURANCE COMPANY LIMITED ('the KWELM companies')

Notice is hereby given that the third ANNUAL MEETING of the Scheme Creditors of the KWELM companies coovened pursuant to clause S.1 of the Scheme of Arrangement ('the Arrangement') will be held at 2.30 pm (Eastern Standard Time) on Thursday 26 June 1997 at The Alvin Room, 5th Floor, New York Marriott Marquis, 1535 Broadway, New York, New York 10036, USA. The Scheme Administrators' report on the conduct of the affairs of the KWELM companies for the year to 31 December 1996 shall be laid before the meeting

Scheme Creditors may attend in person (or, if a corporation, by a duly authorised representative) or they may appoint another person, whether a Scheme Creditor or not, as their representative to attend in their place. Forms of represe for use at the said meeting, copies of the Scheme Administrators' report and the Arrangement document incorporating the terms of the Arrangement are available on request to the Scheme Administrators at the address set out below.

Dated this day 13 May 1997 CJ Hughes and IDB Bond Scheme Administrators of the KWELM companies

Address for correspondence: Phumtree Court, London EC4A 4HT. United Kingdom Telephone + 44 171 583 5000 Fax + 44 171 212 6708

A Londoo meeting of the Scheme Creditors of the EWPLM companies will be held at 2.00pm on Thursday 3 July 1997 at the Coopers & Lybraod Training Centre, 2-3 Bloomsbury Square, London WC1A 2RL, United Kingdom, for creditors unable to travel to New York.



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LEGAL NOTICES

Notice of the Armual General Meeting of Sharcholders of MLH Realty Investments Vi N.V. (the "Company") is hereby given. The meeting is to take place at 10:00 a.m. on May 30, 1997, et the registered office of the Company, 14, John B. Goodraweg, Curação, Netherlands Antilles. The agends of the meeting is set forth below. ACENDA

MLH REALTY INVESTMENTS VI N.V.

Report by Board of Supervisory Directors on the course of business of the Company and on the administration conducted during the fiscal year ended November 30, 1996 and the month ended December 31, 1996.

Discharge and subsequent re-election of Mr. Jack A. Comeo as a member of the Board of Supervisory Directors.

Confirmation of the resignation and discharge of Mr. Thomas J. Brown as a member of the Board of Supervisor. Directors as per January 31, 1997.

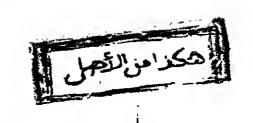
nger and Mr. James V. Caruso as members of the Board of Supervisory Directs

Presentation of the Net Result of the fiscal year ended November 30, 1996 and the month ended December 31, 1996.
Confirmation and adoption of the Balance Sheet and Profit and Loss Account for the fiscal year ended

By: MeesPlerson Trust (Curação) N.V.

NOTICE TO HOLDERS OF 11-1/2% SERIES A BONDS AND SERIES B BONDS

and \$1.67 tests anterest than proviously reported. As a result, since February 15, 1996, Series A bonds have been according interest at a higher per-bond rate than Series B bonds. The remaining real estate investment of MLH income Results into the provious of the Company will not receive further distributions until this last property is sold. Accordingly, upon any final distribution by the Partnership, the Company will calculate and pay to the Series A and Series B bond holders, to the extent assets of the Company are available, a final adjusted bond interest payment and final adjusted bond principal payment, in a measurer constituted with the forcession reallocation.



'Domestic spending is growing too quickly'

to early rates rise

Central bank looks

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By Robert Chote, **Economics Editor**

The newly independent Bank of England warned yesterday that UK interest rates would need to rise in coming months, as it argued that domestic spending was growing too quickly to keep inflation under control.

The Bank adopted a hawkish tone in its latest quarterly Inflation Report, the first since the Bank was granted "operational responsibility" for setting interest

"Unless the rate of domestic demand expansion is moderated soon, there will be a real threat to the inflation target over the medium term", the Bank said

The report said last week's quarter-point rise in rates to 6.25 per cent was e step in the right direction, hut added: "There is still likely to be a need for some further moderate tightening of policy in the months ahead".

From next month, interest rates will be set by a new the 16.5 per cent rise in stermonetary policy committee ling since last August, which at the Bank. At present it cuts import prices and sub-

deputy-governor, plus the But then strong growth in executive directors responsihie for monetary policy and cially consumer spending market operations. Four should dominate. "recognised experts" will be

enshrined in legislation. stitch up interest rate decifuture have to reflect the collective view of the policy committee.

ending the year within the government's target range of cent hy mid 1999.

Inflation is expected to fall in the short term because of

consists of the governor and dues demand for exports domestic demand - espe-

Mr King warned that the named to join it in the next strength of sterling had crefew days, with a new deputy- ated an imbalance within governor edded after inde- the economy, with services pendence bas been growing strongly and manufacturing - which is more Mr Mervyn King, the exposed to international Bank's chief economist, competition - faring rela-promised there would be no tively badly. "Higher intercabal of Bank insiders to est rates would dampen domestic demand, hut if they sions. He edded that the led to a further appreciation inflation report would in of sterling, would worsen the imbalance", the report said.

"The strongly-worded message on the inflation outlook The Bank expects underly- constitutes a coded warning ing inflation - excluding to Mr Gordon Brown, the mortgage interest payments chancellor, to use the forth-- to fall in coming months, coming mini-Budget package as an opportunity to tighten fiscal policy", said Mr Alex 2.5 per cent or below. But Garrard, at UBS, the Swiss inflation is then expected to investment bank. Financial pick up, rising to about 3 per markets showed little reaction to the report. The pound ended 0.3 points higher et 98.8 per cent of its 1990



NEWS: UK

Page 13; Lex. Page 14 Roderick Allison: staff had not been trained adequately

Eurotunnel ordered to improve train safety

By Charles Batchelor. Transport Correspondent

Rurotunnel, the company which operates the Channel tunnel between England and France, was yesterday to procedures ordered to tighten up its safety procedures. The order came after a highly critical official inquiry into the tunnel fire of last November found "fundamental weaknesses" in the company's safety management

The Anglo-French safety authority made 36 recommendations for improving safety in the tunnel and called for the company to correct these weaknes the highest level". But it stopped short of ordering any changes in the controversial open-lattice design of the freight shuttle wagons involved in the fire.

This prompted e renewed call from the Fire Brigades Union for a ban on the wagons. Mr Jeremy Beech, the chief fire officer for the southern county of Kent the main port of Dover is near the English end of the tunnel - and a member of the euthority, said:"If we were starting with a clean sheet, I would prefer to have an enclosed design."

Anglo-French authority calls for 36 changes after fire

Thirty-one truck drivers and three train crew had to be led to safety through smoke after the fire broke out on November 18. Tunnel services have been restricted since then and freight shuttles banned. The total cost of repairs and lost revenues is put at more than £200m(\$324.00m).

The key recommendations made by the authority are: Eurotunnel should abandon its policy of driving burning trains out of the tunnel so they can be extinguished more quickly. It should test the truck

tive to ensure they are are

smokeproof. Eurotunnel should improve staff training to

cope with emergencies. The go-ahead to resume freight shuttle services will the Anglo-French intergovernmental commission

said Mr Rodarick Allison, chairman of the safety

authority. The report reveals that emergency exercises hald just before the fire had uncovered deleys in fire alert procedures, and that when the fire broke out five of the first six fire detectors in the tunnel only gave "unconfirmed" alarms despite witnesses seeing flames hefore the train entered the tunnel.

Mr Allison, said: "The incident was more serious than it should heve been because the emergency procedures were too complex and demanding, and the staff on duty had not been adequately trained."

Mr John Prescott, deputy prime minister, called the report "an indictment of poor operating procedures and practices. I expect the drivers' coach and locomo-tive to ensure they are are recommendations] promptly and in full."

Eurotunnel, which lest month unveiled a 10-point programme to improve safety, said: "We eccept the main thrust of the safety depend on the approval of authority's report." It bopes to restart a commercial service on June 15.

UK NEWS DIGEST

GEC Alsthom wins train order

South West Trains, the train operating company owned by the Stagecoach bus group, yesterday ordered 30 new four-car units from GEC Alsthom at a cost of more than 290m (\$145.8m). GEC Alsthom is a 50-50 joint venture between Alcatel of France and General Electric Company of the UK. This is the fourth rolling stock order to be placed since rail privatisation and confirms the growing momentum of new train orders following e gap of nearly three years while British Rail, the former state network, was sold. The new trains will be financed by Porterbrook Leasing, the rolling stock leasing company acquired last July by Stagecoach.

The order is the second to be won by GEC Alsthom. It follows a £100m contract to supply and maintain eight eight-car trains for Gatwick Express won last month. The London, Tilbury & Southend line has placed a £200m order for 44 new trains while Chiltern Railways paid £34m for four three-car trains. Both of these contracts were won by Adtranz, ABB Daimler-Benz, the Swiss-Swedish-Charles Batchelor

INVESTMENTS

Agricultural land tops league

Farmland was the best performing class of investment for the third year running in 1996, outpacing shares, gilts (government bonds) and commercial property, Savills, the property consultants, reports today. Farmland let to tenants produced a total return of 22.2 per cent, giving an annualised return of 17 per cent a year over the past five

"This has made it a superior investment to commercial property, equities and gilts over that period," said Mr Jim Ward, bead of agricultural research at Savills.

The driving force behind last year's performance was an increase of 11.4 per cent in farm repts, underpinned by good harvests and high cereal prices, which pushed up the value of arable farms. Mr Justin Marking, head of Savills agricultural agency, said financial institutions had cut their investments in farmland from a peak of 240,000 ha in the mid 1980s to 88,000 ha, but were beginning to show interest again.

MACHINE TOOLS

High pound 'likely to hit exports'

The strong pound is likely to reduce exports of UK-made machine tools by nearly 10 per cent this year, according to forecasts last night from the Machine Tool Technologies Association, the industry trade body. The new estimates underline the difficulties caused by the 17 per cent rise in sterling against main currencies over the past nine

The association says exports of machine tools this year are likely to total £595m, 8.8 per cent less than the £642m it was forecasting last November. The association has also reduced its forecasts for this year's UK production of machine tools. It now estimates output will be £842m, 4.2 per cent lower than the £878m it was projecting at the end

to pension groups

Penalties threat

Brown-Humes in London

Regulators yesterday told the pensions industry to clear up the £4bn (\$6.48bn) mis-selling debacle by the end of next year or face

beavy fines. reinforced today when Mrs Helen Liddell, economic sec-retary to the Treasury, is expected to tell 20 providers with the worst mis-selling records to speed up compensation payments to as many as 500,000 victims.

The Personal Investment Authority has given 24 groups individual deadlines and said the other 3,600 firms caught up in the scandal must meet two general deadlines. It wants 90 per cent of 175,000 top priority cases to be completed by tha end of this year - two years after the original deadline and the remainder of a total of 570,000 cases completed by the end of next year.

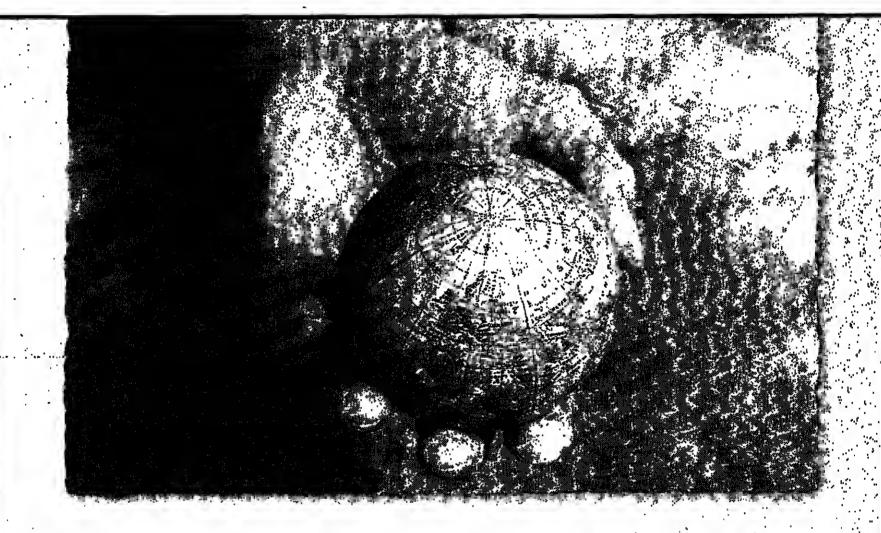
This will require much fas ter progress than has been the case until now. Latest figures show only 50,300 assessments have been completed, with 12,650 cases sharing £102m of compensation, an average of £8,000.

Ms Colette Bowe, PIA chief The crackdown will be executive, said failure to meet the deadlines would lead to discipline. The fines "will be proportionate to the circumstances of the firm", but they would not be trifling amounts.

The scandal mainly involves people who were wrongly advised to leave occupational schemes for personal plans in the leta 1980s end early 1990s. Attempts to clear up the mess began three years ago. Sir Andrew Large, outgoing chairman of The Securities and Investments Board, the chief City watchdog,

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said: "The excuses have got



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Visiting MP denies 'security implications' of taking up offices at the House of Commons

Sinn Féin welcomes government moves

By John Kampfner, Chief Political Correspondent

The UK government is "moving in the right direction", Mr Martin McGuinness. Sinn Fáin MP and the party's chief negotiator, said yesterday. Sinn Fein is the political Ireland, said yesterday at its genwing of the Irish Republican Army.

Republicans also acknowledged that little progress could be made until after the general election in the Republic of Ireland, expected ing", he said the government's said the defeated Conservative on June 6, he added.

Mr McGuinness was in London

but they are not terrified.

about the curbs on defence exports proposed by the Labour government.

"Nobody is worried that the really big

contracts like Al Yamamah [an arms deal

with Saudi Arabia worth £2bn (\$3.2bn) a

year to Britain] are under any threat. The

government is sensible enough to know how

many jobs depend on AY," said one defence

executive yesterday. "The trouble is that we

really don't know where on the scale the restrictions will bite."

Defence companies were not consulted by

unced on Monday. They have since had cause the most injuries.

the government before the the changes were

"If sectarianism continues at its society will be plunged into a new nightmare of suffering and uncertainty," Archbishop Bobin Bames, head of the Protestant Church of

within days. Describing her confinement as "inhuman and degradapproach to prisoners would be an important test. Ms McAllskey's and personal animosity towards visiting Ms Roisin McAliskey, a mother, Bernadette, the former Irish prisoners in general and, It terrorist suspect in a London nationalist MP, said on BBC radio would appear, towards my daughprison, who is expecting a child she believed Britain's Labour gov-ter in particular".

or the defence ministry on what the policy

the government is unlikely to block arms

contracts which secure very large numbers

of jobs. The stock market seems to agree: there was little reaction in the share prices

of big arms exporters after the announce-

In practice, it is not the profitable high-

tech weaponry mada by the blggest UK

defence companies which is the main prob-

lem. Small, cheap weapons - such as land

mines or assault rifles - are those which

But whatever the moral considerations,

ritisb arms makers are confused no formal guidance from the Foreign Office

will mean

"Are changes in the law desirable present level, the whole of our [in Northern Ireland] to give greater assistance to this process? Is the current law really geared to outlaw sectarianism?

"Sectarianism in thought and action is encouraged by those who eral synod in Dublin. He added: revel in disharmony and division,"

"humanity" to her daughter. She edministration displayed "singular

Defence initiative confuses weapons makers

he went on. "It is the ultimate anti-Christian element in any soci-

Northern Ireland cannot face another summer similar to last year. History will not easily forgive anyone who encourages a

Mr McGuinness said he would travel to Westminster next week "with my honourable friend", Mr Gerry Adams, Sinn Páin president and MP for West Belfast, to seek meetings with the House of Commons authorities over the granting

as fast jets - costing tens of millions and

which are rarely of use in internal repres-

Robin Cook, the foreign secretary, to defend

sales of Tornado bombers to Saudi Arabia.

in spite of criticism of its human rights

record. The defence of sales to Saudi Arabia

also lowers the barrier to sales elsewhere

since, if the policy is to be equitable, the

buman rights record of a government

declined weapons would have to be worse than that of Saudi Arabia.

In practice this is likely to mean that very

nasty - but cheap and unprofitable - weap-

sion. This was the justification used by Mr

from which companies make real profits -

Mr Adams would take the oath of allegiance to the Queen, but that both of them were "entitled to be treated as first class MPs". There were, Mr McGuinness said, "no security implications".

Mr Tony Blair is expected soon to make his first visit to Northern Ireland as prime minister and to emphasisa there that he regards the peace process in the region as one of his top priorities.

Ministers need to kick-start tha multi-party talks on the future of Northern Ireland, due to resume on June 3, after making virtually no progress in their first year.

weapons systems will be sold to all but the

systems, such as tanks or light aircraft. British Aerospace is producing a second

The crunch may come in medium-cost

batch of Hawk trainers/light fighters for

that these have been used to repress the

most unsavoury regimes.

has been consistently denied.



Richest minister will steer tax on utilities' profits

By David Wighton, Political Corresponder

Indonesia. Human rights activists claim inhabitants of East Timor, a claim which Mr Geoffrey Robinson, the paymaster general, must be How the government chooses to treat the wealthiest Labour minister ever. On his appointment those aircraft will be an early test of its to the government as a junior minister in the Trea-Bernard Gray sury, Mr Robinson had to resign all his directorships. He has had to give up a rola at the leftwing New Statesman magazina, which he bailed out last year, and at TransTec, the engineering

group he founded. enough Labour politicians with any sort of business background. There bave seen fewer still with knowledge of manufacturing. Even more unusually, Mr Robinson has run both a big company and a small company. The small one was his own which he set up with £5.000 in a garage in 1976. The large ona was Jaguar cars before it was acquired

Mr Robinson first came to the notice of the City of London in 1991, when he reversed his company into Central & Sherwood, a company then controlled by the publisher Robert Maxwell with his son Kevin on the

Robert Maxwell, himself once a Labour MP, sold out just before his death, but the company, renamed TransTec, was treated with some suspicion for while. But Mr Robinson soon shook off what City analysts dubbed the "Max factor" as did his fellow Treasury min-ister Mrs Helen Liddell, who worked for Maxwell in Scot-

Given his background, which also includes a spell in an earlier Labour government's Industrial Reorganisation Corporation, Mr Robinson was the natural candidate to provide some real business experience in the Treasury.

His eppointment reflects the alm of Mr Gordon Brown, the chancellor of the exchequer, to turn the Treasury from a pure finance ministry into a department focused on the needs of the real economy. "I bope tha Treasury will come to be thought of being much more of this world and a much more sensible place," says how much it is," he replies.

Robinson will soon hear from US owners of privatised companies

Mr Robinson, adding quickly that Its reputation to the contrary is "unjustified". In the short-term, Mr Robinson has two specific jobs: steering through the "windfall" tax on the profits of pri-There have been few vatised utilities and overhauling the previous government's faltering private financa initiative, intended to attract private finance to public projects.

He wasted no time launching last week's review of the institutional structure of the PFI, which included the controversial sacking of Mr Alistair Ross Goobey as chairman of the private finance

Yesterday, Mr Robinson made his first public move on the windfall tax by formally inviting utility companies to make representations on the operation of the levy.

Some of the companies have questioned whather the government was serious abont consultation, given the indications that the Budget could be as soon as June 10. Mr Robinson yesterday set a deadline of the end of May for submissions, which would hardly leave the government time to adjust its proposals. "They will have to make their representations effectively and quickly," says Mr Robinson. "After all, thay have had plenty of time to prepare

Another source of irrita-tion, particularly among the US groups that acquired UK electricity companies, is that the total amount the tax is expected to raise appears to have increased. One corporate adviser says: "When most of the acquisitions were made the Americans were being warned there would be e tax of about £3bn. Now there is talk of between £5bn and £10bn." When asked whether the US companies would have a lagitimata grievance, Mr Robinson declines to take the bait. "Lets wait and see

Blair to auction many radio bands

By Robert Peston, Political Editor

Mr Tony Blair, the prime minister, will today reinforce his claim to be governing without reference to party dogma when he adopts the defeated Conservative party's election manifesto commilment to auction parts of the radio spectrum. One of 26 bills to ba

announcad in today's Queen's Speech, opening the Labour government's first legislative session, will be a measure to raise an estimated £1bn (\$1.62bn) from introducing commercial pricing for the use of radio waves by mobile phona, pager and cab companies. An official at the prime

minister's office said that the government expected to raise £1bn over 10 years from the move. This is based on yields from a similar sell-off in the US, where the government has raised more than \$20bn from a similar privatisation initiative.

The idea of charging a competitive price for use of the radio spectrum was first put forward in March by Mr lan Lang, then chief industry minister in the Conservative government. It was included as a promise in the Conservative manifesto, but there was no explicit men-tion in Labour's. Under the proposal, com-

panies seeking to provide radio-based services would bid for frequencies under a leasing arrangement. Broadcasters would not be affected. Under current licensing

8€=125

arrangements, the price charged for use of a particular part of the spectrum reflects government costs rather than market value. Officials said yesterday

that mobile phona companies' overheads were likely to rise by a weekly amount of 10p per mobile phone. But they did not expect this to be passed on in full to consum-

"We think competition in the industry will protect consumers," one said.

In urban centres, where there is intense competition for business between cab companies - and use of the spectrum has a higher potential market price - the running costs of an individual taxi-driver could increase by £0.20 a week.

Existing licences awarded to mobile telephone network operators would remain valid, but would be auc-

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he bad news is that British

television is creating yet

more 60-minute crime seri-

als, the worst culprit being

ITV. Neither stern warnings

from the Independent Television Com-

mission nor ridicule and contempt

from the critics seem to have any

effect. This is hardly surprising, per-

haps, given that ITV is now run by

people whose background is in accoun-

tancy rather than programme-making.

Since the number of viewers willing to

watch yet another crime-busting far-

rago is large enough to keep the adver-

tisers more-or-less happy, nobody in

the upper echelons of ITV is going to

allow imagination, originality, or

on Sundays with the law enforcers

from Customs And Excise in The

Knock, ITV has decided to fill the nine

o'clock slot on Thursdays with Bodu-

guards, which describes itself as "an

action-drama series about a team of police bodyguards". Last week's epi-

sode offered us a ludicrous yarn about

a Chicago-style gang of armed teenag-

ers terrorising a London boy who had

witnessed the killing of a clergyman.

The hooded youths, advancing like

Royal Marine Commandos, used a JCB to smash their way into "What we call

a concealed safa house" where the

shapely young gun-toting female agent

watched over the nervous witness. The

picture conveyed, complete with fierce

So having filled the nine n'clock slot

freshness to interfere with business.



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ARTS

Television/Christopher Dunkley

Guilty of serial crime

Marvel Comics than to the reality of life in London.

The same ITV slot on Tuesdays is occupied hy Touching Evil, a series about a newcomer to the marder squad whose university background, belief in psychology, and faith in the psychic power of a violent head-case all set him at loggerheads with his methodical and plodding colleagues -except for the shapely young female agent, of course. Sounds familiar? It is formula writing of a sort that we now know well, which is only to be expected since writer Paul Abbott comes to this series from Cracker.

True, on other nights of the week ITV fills this slot with dramas that are not about crime: on Mondays Bramwell which projects late-20th century feminist preoccupations onto medical scenes of a previous age; on Wednes-days Sharpe in which Sean Bean fights and, er, loves his way through the Napoleonic wars, last week firing gold coins into the ranks of the enemy to distract and reduce the numbers; and on Friday The Grand which borrows

the signature tune) from Upstoirs, Downstairs and the other half from The Duchess Of Duke Street. All are proficient, all pass the time, all are about as memorable as the books of Georgette Heyer or Barbara Cartland, and deserve about the same amount of notice from this page.

be good news is that nur other terrestrial schedulers. the BBC and Channel 4, are making efforts in this area. Jonothan Creek, Isunched on BBC1 on Saturday with nne of those counter-productive "feature length" episodes (which means stretching things out like chewing gum) is admittedly yet another crime series, but its worst enemy would not describe it as being much like the nthers mentioned here. The tone is closer to that of Moonlighting with tongue firmly stuck in cheek, and comedians Caroline Quentin and Alan Davies in the Cyhill Shepherd and Bruce Willis roles, here named Madelaine and Jona-

else could he be?) who lives in a windmill, surrounded by posters of his heroes such as Houdini, his job being inventor for a magician. As such he is a whiz with anything involving illusions, particularly the sort where people disappear in one place and reappear magically in another, an expertise which equips him ideally for solving locked room mysteries and the like. She is tough, funny and brave (well, obviously, she is a woman and on television, so ...) and is a journalist or a novelist or at any rate some sort of writer about crime whn, of course, becomes involved in solving

This is not sitcom, but it is written by David Renton who created One Foot In The Grave. When the police go to arrest their suspect in a cinema they avoid commotion by holding under his nose a board saying "Stephen Grismal?" When be nods they swap it for a second board announcing "You're nicked". In the interrogation room

real crimes . . . well, completely unreal-

istic real crimes.

gun battle, was closer to the world of half its ideas (including a pastiche of He is a wimp (well, obviously, he is a Grismal stands on his dignity and man and on television, so in 1997 what demands his right to consult an investigative journalist. The drop-dead-gor geous blonde who models in the nude for the murdered artist says with wide-eved wonder "D'you know, the minute I took off my clothes I could feel be was attracted to me". And when our beroine wants to impersonate a television director she announces herself as "Madelaine Magellan with Mad Cow Productions for Channel 4". It was irritating that the solution to the opening mystery involved the impossible (a woman with her hands tied behind her back managing to fix a revolver to her feet with rubher bands) yet Jonathan Creek looks like being

> Channel 4's five-part serial Melissa is more difficult to assess. Expanded by Alan Bleasdale from a 1964 thriller by Francis Durbridge abont a sequence of murders in South Africa and Lon-don, it looked in the early stages on Monday and Tuesday nights like an unhappy combination. Instead of cooking up into a rich, unified confection, the ingredients were remaining stub-

great fun.

he Royal Shakespeare

Theatre in Strat-

ford-upon-Avon is one of

the theatres in Britain I

most detest. The acoustics are notorious, the relationship of

stage to the draughty auditorium

is uncomfortable and the whire of

the air-conditioning is of unparal-

leled volume. Productions that

succeed best are those of epic

scale, and those that physically

connect the auditorium and

stage. Matthew Warchus's new

This is a lightweight, modern-

dress, naturalistic, middle-class

Hamlet that might work better in

a theatre quarter the size, and

begins and ends with a film of

the boy Hamlet playing with his

father; bere, family concerns are

all. The main action starts with a

party, during which Hamlet

takes Polaroid photos of people

around him, into which the ghost

of Hamlet's father, unseen by

everybody else, arrives. Later,

Hamlet drinks cocktails with

Rosencrantz and Guildenstern.

Many details are individually

staged with convincing realism (I

wish, however, Hamlet did not

world's most famous soliloguy.)

hey are in their early

20s, and they dance full-

out. They are members

of Nederlands Dance

Theater's second - "apprentice"

- troupe, recruited from what

seems balf the nations of the

world, and raring to go at the

start of month-long British tour. I

saw them last week at the Peacock Theatre, and beard the audi-

ence yipping with delight. What-

ever the piece on display, and

NDT2 has a schizoid repertory.

the reaction is the same, which is

cheery for the dancers if a little

exhausting for those of us not

wholly enraptured by the chore-

ography. Since most of this pro-

gramma comprised works which

hope never to have to see again.

the racket seemed, shall we say.

But these young(-isb) dancers

they are all at an age when many

a ballet career has been made or

lost - tear into what they have to

do with tremendous vigour. None

of the works on Thursday called

for finesse or subtlety. That is

a leetle excessive.

production is not one of these.

bornly distinct: occasional bits of Durbridge whodunnit separated by longer and longer elements of Bleasdale dialogue and character building. With tonight's episode it begins to feel like pure Bleasdale. We start to understand the characters and their relationships and the skeletons begin to tumble out of the cupboards of this tightly connected group of effete but increasingly interesting people.

and the second of the control of the

However, since we are told that these three episodes are, in effect, a prequel" and that the real Durbridge story only emerges in the final two, to be screened next Monday and Tuesday, it is impossible to judge yet whether the entire package will prove a success. At this stage, with the familiar whiff of vintage Bleasdale growing stronger - the pleasingly anthentic complexity of the characters, with those inherent inconsistencies and even contradictions which you observe all the time to real people - you won-der why he bothered to take someone else's plot as his matrix. Bleasdale bas said he was a great admirer of Durbridge's television work in the 1960s, but is that really reason enough for this somewhat peculiar arrangement? We shall see. But even if the plotting turns out to be unsatisfactory we already know that there are other qualities bere which confirm the poverty of so much of that nine o'clock drama elsewbere, as though confirmation were needed.

Musical Pulp slickness

hose who believe that the modern musical is a serious form of artistic expression may wish to visit The Fix, a new musical being presented at the Donmar Warehouse in association with Cameron Mackintosh. Written by two Americans, John Dempsey (book and lyrics) and Dana P. Rowe (music), it had been completed less than three months. had been sent to Sam Mendes. the Donmar's artistic director. and to Mackintosh only one week, when plans were put in motion to stage it. The staging is good and The Fix is skilful, efficient, energetic, tough. I only wish I could like it.

To those of us who believe, however, that the musical has long been a synthetic genre, The Fix is merely the latest in an overlong line. It is by no means the worst and the Donmar staging does it proud, but this, alas, is no comfort. The life of a musical lies in its music. Dana Rowe's music - frequently crafted with rare skill in matters of rhythm and harmony - is a smart series of forays into various musical idioms (rock, vaudeville, waltz, country-and-western), not one of which is made to feel fresh. Freshness is not the point of the modern musical. Where a serious work of art surprises you with the quality of your own feeling, musicals like The Fix aim to make you feel in ways you have felt often before.

The hero of The Fix is Cal Chandler, heir to an eminent American political family. His mother Violet and nucle Grahame relentlessly groom him to become governor and, they bope, president. So what if his real father was not Senator Reed Chandler but Bobby "Cracker" Barrel (a redneck)? So what if Violet drinks and Grahame is a crippled, stuttering, closet homo? The Fix wants us to believe that the American upper classes are every bit as corrupt as the ruling classes of the Roman empire (Cal even seduces his uncle.) Hidden beneath the gloss of the music is the slick cynical spirit of umpteen TV films and pulp noveis.

When the strain is too much, Cal takes to cocaine, then to a



mistress and then, with her, to good looks his handsome singing more: to burst through the glossy heroin. Late on, however, he sur- and his absence of true individu- . package with an intensity that prises as all by admitting his ality. (It even turns the latter drug addiction and (in a trice) declaring political war on the drug mob. At last he is taking charge of his own destiny! But his mistress lures him back for one last rendezvous. It is a trap. The mob gun him, and then ber

The role of Cal might have been written for John Barrowman, with his Kennedy-esque

into a dramatic virtue of sorts.).

Philip Quast handles every aspect of poor Uncle Grahame with distinction and Kathryn Evans does splendidly by his rothless sister-in-law Violet. One enjoys these performances as much as the slick cynicism of the material will allow. As Cal's mistress, Krysten Cummings occasionally manages something

actually seems spontaneous.

The most brilliant feature of the Donmar staging is Howard Harrison's lighting. It fans, . zooms, crossfires. It turns the sparse stage into blazing publicity, into memory lane, into drugged nirvana. It almost transcends the pulp slickness it so perfectly expresses.

Alastair Macaulay not the NDT criterion. Suffering Kunes, exchange mixed feelings

Theatre Hamlet truncated

let's thoughts do not enthrall. There is much to admire about Alex Jennings in the central role. His verse-speaking is exemplary and he handles all the naturalism of this production perfectly. But he is not an arresting soliloquiser. He cannot encompass us in the workings of his nervous system or in the tensions of his with a different protagonist. It philosophical inquiries.

nd so we observe this upper-middle-class Englishman from a distance. He has bumour but not wit, dejection but not pain, education but not intelligence. It seems odd that Ophelia should call him "The courtier's, soldier's, scholar's, eye, tongue, sword", and neither the production nor he even pretend that he is royal. The production is full of good

toy with a pistol throughout "To incidental points and shrewd decisions, none of which add up be or not to be"; this does not belp us pay attention to the to an organic whole. The best characterisations are by David The trouble, bowever, is that Ryall as a wry Polonius, Edward this Hamlet is of no consequence Petherbridge as a husbed ghost,

funny Gravedigger who takes the modernity of the production to its furtbaat extreme (singing Weill's "September Song"). Derbhle Crotty handles Opbelia's madness with considerable tact, but gives a chaotic account of the earlier scenes. Diana Quick is a fakey, mannered Gertrude, and Paul Freeman a thespian Claudius whose rolled Rs clash with

the style of the production: It is not unusual to have Hamlet severely cut. This is, admittedly, the most amputated mainstream production that I have seen, with no Marcellus or Bernardo, no battlements, no Fortinbras, no politics - Hamlet with both its beginning and its end lopped off - and what is stranger is that several scenes have been reordered, to no advantage. I can welcome the fluency with which much of the action proceeds, but eventually the production is either too naturalistic or not paturalistic enough. We sense neither the passage of time, nor the pressures of state: in the absence of which such details as dipping lollipops into cocktails seems wholly extraneous. This is a little Hamlet for little minds, capsized amid a giant-size theatre and giant-size airconditioning.

A.M.

Royal Sbakespeare Theatre. whatsoever. The realm of Den- and Richard Cant as a very amia- Stratford-upon-Avon. Sponsored mark is not at stake, and Ham- ble Rosencrantz. Paul Jesson is a .. by Citroën.

> Dance Schizoid

comes first, then rather sodden Mittel-Europa emotings, then a kind of factitious joy at the Beauty of the World. It is all a bit. Mahlerian, and sure enough, the programma began with Jiri Kylian's view of the Songs of n Wayfarer. Turgid stuff, and fearsomely dated.

Hans van Manen has provided two pieces for the company, of which the first is a romp for three men who skitter and zip over the stage to part of a Bach violin suite. The chaps are nippy. good-bumoured, and the dance is blessedly sbort. The other van Manen offering is back in his well-worn territory of the battle between the sexes. A conple, Shirley Esseboom and Vaclav

to an Arvo Part score. Given tbe ingredients, there were few rewards in this rechauffe. which looks more like therapy than art.

At the centre of the evening was Johan Inger's Sammanfall, which amounted to nearly half an hour in the company of seven lunatics. Or rather, three women and four meo behaving as the mad are usually portrayed in the dance theatre. Anguished contortions, of course, and barmy stumblings over the stage, with the occasional moment of atillness and crazed staring. Nothing else happens - except an urgent desire on my part to have done with something as spurious and cliché-ridden as this.

The evening ends with what passes for humour in these circles. Skew-shiff is by Paul Lightfoot, and finds three men and a woman romping to the Thieving Magpie overture. Ideal for those whose taste in bumour runs to Little and Large.

Clement Crisp

r to auction y radio band

INTERNATIONAL

■ AMSTERDAM

EXHIBITION Amsterdams Historisch Museum Tel: 31-20-5231822 Het Amsterdam van Herman Gordiin: display featuring 11 paintings, one triptych and a number of etchinga and drawings by the Dutch artist, commissioned by the Museum to produce work depicting Amsterdam. Also exhibited are earlier pieces by Gordijn, including a portrait of Queen Beatrix; opens May 15

■ ATHENS CONCERT

Athens Concert Hall Tel: 30-1-7282333 Athens State Orchestra: with conductor Byron Fidetzis, soprano Martha Arapi and tenor Zachos Terzakis in works by Beethoven; May 16

■ BERLIN

DANCE Komische Oper Tel: 49-30-202600 Takt: choreographed by Jan Linkens; May 17

Deutscha Oper Berlin Tel: 49-30-3438401 Die Meistersinger von Nümberg: by Wagner. Conducted by Rafael Frühbeck de Burgos. Soloists include Woflgang Brendel, Reinhard Hagen, David Griffith and Barry McDaniel; May 18

■ BRUSSELS CONCERT

Paleis des Beaux-Arts Tel: 32-2-5078200 Orchestre Symphonique de la Monnaie: with conductor Antonio Pappano and soprano Katarina Dalayman in works by Beethoven;

■ DUBLIN

CONCERT National Concert Hall Tel: 353-1-6711888 Midori: performance by the violinist accompanied by pianist Robert McDonald. The programme includes works by Schubert, Enescu, Kreisler and Franck, May 18

LEWES

OPERA Glyndebourne Opera Festival Tel: 44-1273-812321 Manon Lescaut: by Puccini. Conducted by John Eliot Gardiner. Soloists Include Adlna Nitescu and Patrick Denniston. CONCERT

The opening performance of the 1997 Glyndebourne Opera Festival, May 18

LONDON CONCERT

Purcell Room Tel: 44-171-9604242 Nicola and Alexandra Bibby: the planists perform works by Stravinsky, Jackson, Saint-Saens, Milhaud, Copland, Debussy and Rachmaninov, May 18 Royal Festival Hall Tel: 44-171-9604242 Royal Philharmonic Orchestra:

with conductor David Coleman and violinst Erich Gruenberg in works by Rossini, Bruch and Beethoven; May 18 Wigmore Hall Tel: 44-171-9352141 Peter Frankl: performance by

the planist, accompnied by violinist Görgy Pauk and cellist Ralph Kirshbaum. The programme includes works by Brahms, Carter and Beethoven; May 17

EXHIBITION British Museum Tel: 44-171-6361555

 Styles of Japanese Porcelain and Pottery: exhibition tracing styles of Japanese ceramics from pre-history until the present day. The display covers the early Influences of Chinese and Korean pottery, the first Japanese porceiain from the 17th century and decorative pottery from the 1800s; opens May 15

■ MANCHESTER

The Bridgewater Hall Tel:

 James Galway: performance by the flautist, accompanied by pianist Phillip Moll, The programme includes works by Martinu, Widor, Doppler, Faure and Briccialdi; May 18

MUNICH

OPERA -Cuvilliés-Theater - Aites Residenztheater Tel: 49-89-296836 Cannen: by Bizet. Conducted by Jacques Delacôte and performed by the Bayerische Staatsoper. Soloists include Maurizio Muraro, Caroline Maria Petrio and Anne Salvan; from May 17 to Jun 2

■ NEW YORK CONCERT

Alice Tulty Hall Tel: 1-212-8755050 Bang on a Can All-Stars; perform works by Dolden, Wolfe and Padding. Part of the Bang on a Can Marathon. The programme also features performances by the String Trio of New York, the Cassatt Quartet, the Scott Johnson Ensemble and Pulse Percussion; May 18

EXHIBITION Cooper-Hewitt National Design Museum Tel: 1-212-860-6868 Disegno: Italian Renaissance Designs for the Decorative Arts: exhibition examining the Renaissance concept of disegno; a term linking the process of

of drawing. On view are sketches, detail studies, alternativa designs, presentation drawings and finished objects by Romano, Bandinelli, de Modena and Gentile; to May 18

PARIS CONCERT

Cité de la Musique Tal: 33-1.44 84 45 00 . Students of the Conservatoire de Paris: with conductor Stéphane Denève perform works' by Schubert and Brahms; May 18

Théâtre des Champs-Elysées Tel: 33-1 49 52 50 00 Orchestre National de France: with conductor Christof Perick, violinist Joshua Bell and cellist Stephen Isseriis in works by Brahms; May 15

Galeries Nationales du Grand

Palais Tel: 33-1 44 13 17 17 ● Parts-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts. architecture, literature and music, ranging In styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14

ROME

EXHIBITION

DANCE Teatro dell' Opera di Roma Tel: 39-6-481601 Ortando: choreographed by design and the actual physical act Robert North to music by Sergio

Rendine, May 17, 18

EXHIBITION

■ STUTTGART

Staatsgalerie Stuttgart Tel: 49-711-2124050 . Gespannt – Die Diagonale als Bildstruktur: exhibition featuring 40 graphic works by artists including Kandinsky and Hans Baldung, from May 17 to Sep 14

■ VENICE

OPERA

Gran Teatro la Fenice Tel: 39-41-786511 Lucia di Lammermoor: by Donizetti, Conducted by Bruno Campanella, performed by the Orchestra e Coro del Teatro la Fenice. Soloists include Roberto Servile, Luciana Serra and Roberto Aromica; May 18

■ VIENNA CONCERT

Konzerthaus Tel: 43-1-7121211 Wiener Kammerorchester: with conductor Christopher Gayford, violinist Corey Cervosek and planist Sebastian Kauer in works by Spohr and Mozart, May 15 Musikverein Tel: 43-1-5058681 Krystian Zimerman: the pianist performs works by Haydn, Beethoven and Schubert, May 16

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17.30 Financial Times Business

Tonight

CNBC: 08.30

Squawk Box

10.00 European Money Wheel

18.00 Financial Times Business Tonight



Ian Davidson

The waiting game

The UK's wait-and-see policy on the single currency is flawed since it already has all the information it needs

The change of government take Labour to "think Euro- after that. in Britain has come as an enormous relief to Britain's pean". On his recent trip to partners in the European Union. After 18 years of would join France and Gerfoot-dragging by the many in a "triangular" lead- to reach a conclusion one increasingly Eurosceptic ing role in the EU. This may Conservatives, the new Labour government is try- potentially constructive ing hard to show it is keen to mend fences. In visits to Paris and

Bonn last week. Mr Robin stupid Cook, foreign secretary, pledged to end the "sterile, negative and fruitless con-flict" with the EU. This of the Franco-German partweek Mr Gordon Brown. chancellor of the exchequer. told European finance ministers that the UK would work "constructively" on the single currency.

This is an enormous rhetorical improvement on the reflexive Euro-phobia of the previous Conservative government. It is oot yet clear, however, whether the policy behind Labour's rhetoric really goes far enough to get Britain moving in line with its European partners.

The first and very immepean policy will be the negotiations on reforms to the EU, which are supposed to be wrapped up in less than

in the election campaign, the Labour party was so anxious to avoid any danger of being accused of being "soft" on Europe that it mimicked many of the Tories' Eurosceptic policies. As a result, its starting position in the negotiations will continue to be out of step on many issues with the rest of Ецгоре.

This may not be fatal to an agreement, however, since the other member states will no doubt go to considerable lengths to do e deal if at all possible. Even if the negotiations end with Britain partly opposed to mainstream Europe, it should, with luck, be constructively opposed, rather than irreconcilably in con-

A more fundamental Mending fences: Cook has visited Paris and Bonn

Paris, Mr Cook said the UK seem an innocent - even a ambition. In the context of known; there will be no sigthe EU, however, it is nificant new facts, certainly anachronistic, tactless and no conclusive facts, for a The other 12 member

states have got used, over the past 47 years, to the fact monetary union will work nership. But they do not alweys like it. They would certainly resent any move by Britain to set up e Frenco-Germen-British directoire. In any case, that partnership is not about to be reconstructed to accommodete Britain's belated interest in Europe. The critical issue will be

the single currency. Labour's policy is ostensibly one of "wait-and-see". The problem is that while the single currency project may well be the object of reasondiate test of Labour's Euro- able doubts and uncertainties, these cannot be as late as 2010. resolved by any process of reason or research, at least not within the five-year life

question is how long it will the life of the parliament will only support the single Wait-and-see implies that It must include Italy; if new facts will come along must promote growth; it which will make it possible way or another. But everything important about the single currency is already

> long time to come. Reasonable sceptics may simply be unsure whether and want new information which could settle their doubts. But there is nothing which will happen in the next five years, before the completion of the single currency in 2002, that will

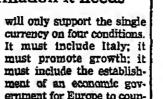
And if sceptics need a decisive answer to the question: will it work? they will bave to wait until well into the next century. The open-ing years of the single currency are likely to witness stress, turbuleoce and anxiety as the new system beds down, so sceptics may have to wait perhaps even until

enlighten them.

One factor could, in the ory, transform the equation, and that is the French general election. The French quite probably not within Socialist party has said it

French election on June 1. At that point, the British government will have only two rational options. It can stick with the policy of waitand see for the next 10 years or more. Or else, if it wants the possibility of joining the single currency within any politically usaful timeframe, it can switch to a policy of commitment to Emu as a political objective. This week in Brussels, Mr

Brown avoided any such



ment of an economic government for Europe to counterbalence the future European central bank; and it must not be too strong vis-a-vis the dollar. Of course, the Socialists may not win the election.

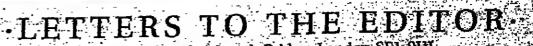
Last week, it looked as though they might; this week it looks less likely. Public opinion is obviously very volatile, except in the record-breaking unpopularlty of the president and the In principle, the terms of

the single currency are set in a treaty, so the Socialists could not easily impose their conditions unilaterally. Nevertheless, a Socialist victory in France could create a new situation, in which the British Labour government might hope to re-open the debate on monetary union.

Either way, we shall know the answer to the

commitment, and claimed that Britain's option to join the single currency would not require it to rejoin the exchange rate mechanism. Legally, ba may be But the real test is politi-

cal commitment to the objective of monetary union, including monetary and exchange-rate stability How long did it take France to secure credibility in the markets? Exactly 10 years -



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Hong Kong's governor prized Lee's advice on consistency

From Mr Kerry McGlynn. Sir, In his FT Interview of May 12, Mr Lee Kuan Yew reportedly says that the constitutional reforms introduced in Hong Kong by the governor, Mr Chris Patten. are at odds with the Sino-British joint declaration and the Basic Law, Hong Kong's

future mini-constitution. That was not, of course. the view of all the legal experts who testified to the Commons foreign affairs select committee in 1994. Nor, interestingly, was it Mr Lee's view when the constitutional proposals were first announced.

in an interview with Hong Kong's Sunday Morning Post on October 11 1992, headlined "I don't need to make Mr Patten's job any harder. It's hard enough as it is . . .", Mr Lee commented

that the governor had been "very imaginative about increasing the depth of

democracy" in his proposals. He added: "Very ingenious. His proposals slip into the blank spaces of the Basic Law and the joint declara-

Two months later, in December 1992, Mr Lee had changed tack. This time he was denouncing the same proposals as an Anglo-American plot, supported by others in the international community, to infiltrate democracy into China. An ambitious game plan

indeed for what was in fact e modest attempt to produce open and fair electoral arrangements for the 60strong legislative council of Hong Kong.

Mr Lee has now changed his position again, reproducing the Chinese government's line that the constitutional proposals, far from filling the spaces in the Basic Law and the Joint Declaration, breached both documents. Wa move with the

Mr Lee gave one piece of advice to Mr Patten when they met in July 1992. This was thet the governor should set out e bold agenda for the following five years, and then keep to it, despite the undoubted pressures from all sides to ride him off it. The governor welcomed the senior minister's advocacy of the principle of consistency. He has been pleased to follow his

Kerry McGlynn, Government House Hong Kong

Rout of Scottish Tories does not point to overwhelming desire for devolution

From Mr Richard Moubray. Sir. Why does everyone assume that the rout of the Scottish Tories on May 1 indicates an overwhelming desire for devolution? As in England and Wales, the Conservatives lost because bubris, born of 18 years in office, itself begat ideological sloppiness, incompetence, and, in a few, sleaze. Above

was "time for a change". First, in opinion poll after opinion poll, devolution has always ranked bottom in the behind unemployment, the NRS, and education.

all, the Tories lost because it

Second, e poll just before the election indicated support for the constitutional status quo had risen to 31 per cent (from as low as 15 per cent in the recent past), yet this did little to increase Conservative support.

Third, Tony Blair has doubts about devolution. Why else did he insist on two referendums - one on the Scottish parliament itself, one on tax-raising powers - if not to take the issue out of the election campaign? If his statements during it are any indication, he would prefer that the

whole issue went away. We Scottish Conservatives must campaign for two "no" votes, Once Gordon Brown has raised the tax burden in his Budget by reducing allowances, we should have little difficulty defeating tax-raising powers. And without them, what is the point of having a parliament

Richard Mowbray. member, Glasgow Conservative and Unionist Association. 14 Ancaster Drive, Glasgow G13 1ND, UK

Mobutu aid highlights unjust debt

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From Ms Ann Pettifor. Sir, Your report on the IMF and western government lending to president Mobutu of Zaire is timely ("How Mobutu built up his \$4bn fortune", May 12).

It highlights the secretive and often illegitimate nature of much lending by international financial institutions, including the IMF and the World Bank.

You suggest that the people of Zaire "are seeking to recover what is owed to them". They are unlikely to succeed. Instead they will face a rising and perhaps unsustainable debt burden The IMF, on behalf of western creditors, will demand repayment of the loans plus interest long after Mobutu

Tha Philippines is repaying loans mada to Ferdinand Marcos. Ugandans are repaying loans made to Idi Amin and South Africans those made to an illegitimate, rac-

ist government.
The IMF, on behalf of the OECD creditors, can make such bad loans knowing that repayment is guaranteed. It is time for these western creditors to be exposed to the transparency, regulations and market forces that they wish on others through their loan conditions. Jubilee 2000 calls on society to recognise the co-responsibility of creditors for the unpayable and often odious debts of developing coun-

Ann Pettifor, co-ordinator, Jubilee 2000. PO Box 100, London SE1 7RT, UK

Why pension funds do not attract income and capital tax

From Ms Ann Robinson. Sir, There is not a "flimsy case" for the present tax credit on advance corporation tax as Lex asserts ("UK taxation", May 12), but a very powerful one. The case relates to the relationship between corporation tax and income tax. All taxpayers heve to pay their full liability for the income tax element of corporation tax.

When a dividend is paid net of 20 per cent of the tax, a higher-rate taxpayer still owes the government 20 per

Pension funds are exempt from all income and capital taxes for e very good reason. Tax will eventually be paid by individuals on the income when it arises. Were the tax to be removed, millions of individuals would, in effect,

suffer double taxation. It would fall not only on their personal investments, such as Peps, but also on their future pension provision, both final salary and money purchase schemes.

The change would not only harm individuals. It would do no good to companies. They would have to either increase pension contributions or top up their

pension funds. A change to the tax credit would have the opposite effect to that desired by reducing the amount of cash available for capital investment.

Ann Robinson director-general. National Association of Pension Funds. 12-18 Grosvenor Gardens, London SW1W ODH, UK

Personal View · Toyoo Gyohten

Strong yen for the euro

in its reforms, its bank currency will play Netional central banks solved - just as EU countries a more important for Central Banks will no

role globally monetary stances. union seems

the Japanese have underestimated the stroog political will of European Unioo leadcurrency, as scheduled, on deficits under the growth January 1 1999. However, business, aca-

members' commitment to spending - in spite of the in practice. impact on their economies and the consequences for ment of labour and wage their political popularity to start the third stage of mooetary union.

through its fiscal reforms union However, there is as with the same commitment EU leaders have shown.
A survey of Japanese busl-

nesses operating in EU countries carried out by the Institute for International Mocetary Affairs (IIMA) at the end of last year found mixed reactions to the single

On the positive side, they believed the euro would eliminate foreign exchange risk, increase price transparency and promote the efficieot distribution of resources. They expected to seen a lessening becefit from economies of scale and new opportunities emerging from integration. They predicted the EU scon- a leading omy would increese its international competitive international

concern among some Japanese businesses about the and foreign stability of the EU economy after monetary union.

Some countries will be more vulnerable than others under the single monetary

under the European System longer be able to adjust their toward integration and Until recently, exchange rate policies to suit Europeen their economic circum-

There will be no central not to heve fiscal authority with e subawekened stantial role in taxing or much interest in Japan. The spending - so no member main reason for this is that country can receive e fiscal transfer in a recession to stimulate a slack economy. Member countries are also ers to introduce the single required to cut government

and stability pact. Some Japanese business demic and government fig. executives argue there is a ures bave gradually come to danger that economic or recognise the strength of EU political instability will emerge, and that the single reducing their government currency may not work well

Theoretically, the moveflexibility across borders will eventually solve economic disequilibrium between Japen must also carry members of the monetary yet little movement of labour, as people are dis-couraged to shift between countries by language and cultural barriers.

Although there is no doubt the euro can be introduced given the strong political will among EU leaders, it is not clear thet monetary unico can be Over the past few years, Tokyo has

of its position as On the other hand, there is Money, capital exchange market

If Japan succeeds and exchange rate policies maintained with stability.

set by the European central However, in the long run, this problem is likely to be

> have overcome many obsta-cles in their long progressioo expansion since the second world war. eble to achieve the necessary economic and political sta-

bility, it will play an increasingly important role as a key international currency. Some even argue the euro may threaten the status of the US dollar in the future.

long fulfilled the conditions required of e leading international currency. For example, prices in the US have been very stable - as bave effective exchange rates of the dollar

The US bas the largest economy and international trade and the most developed financial markets in the world. It is thus very unlikely that the euro will replace the role of the US It is more likely to be the

Japanese yen that could be by expanded and more efficient financial markets establishes its status as a rency. Given such powerful ure to "internationalise" ished role.

one of tha leading interna- reforms inevitable, tional money, capital and foreign exchange markets. In November 1996, the Jap-

bringing market practices the dollar and the curo. and regulation into line with international norms. The The author is president of the future of the yen and of Jap- Institute for International

depend, to e large extent, on bow this plan is implemented.

There have been various criticisms and concerns over the reform plans, many of which, say some cynical foreign observers, have all been beard hefore. It is also If the single currency is argued the target date of 2001 is too late given the rapld developments taking

place in other big markets. This time, however, reform will eventually be carried out - including deregulation of the financial sector. The Japanese public now understands that, with-However, the dollar has out reforms to revitalise the economy, their living standards will deteriorate. For the first time, a sense of urgency has gripped the nation.

Politicians have also come to realise that the tide is running in favour of reform. Most politicians are now eware thet, in order to survive, they must support e

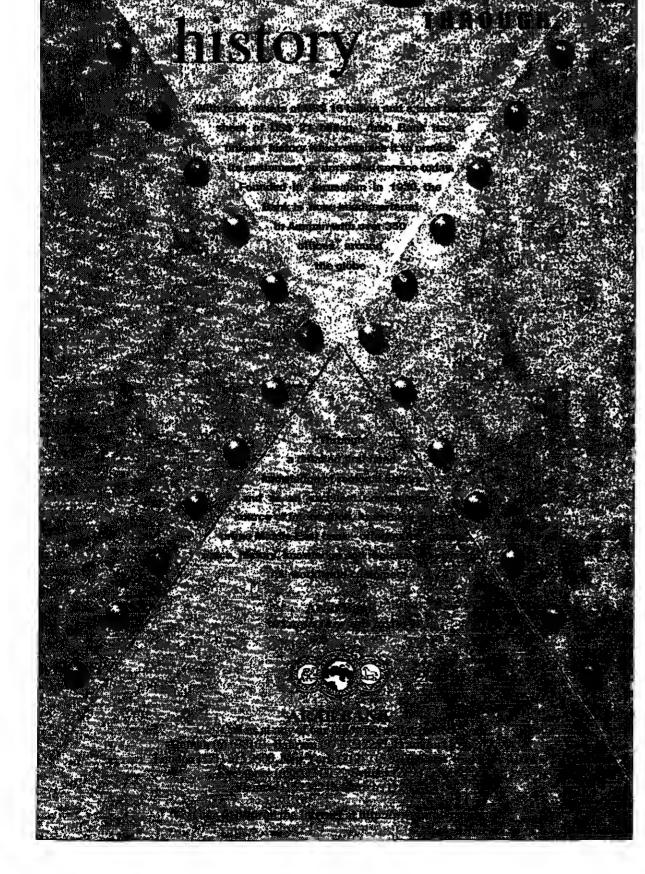
broad agenda of reform.

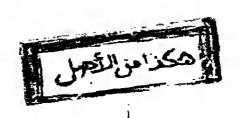
The ball has already started rolling. Bills to aboldollar in e short ish foreign exchange controls and reform the Ministry of Finance and Bank of Japan have been submitted affected if the euro - backed to parliament which is certain to approve them in a matter of months.

More reform bills - includleading international curing laws on tax, banking and securities transactions, and competition, the yen's fail- holding companies - will be ure to "internationalise" submitted to a special ses-itself could mean e diminautumn. Once implemented, Over the past few years, the reforms will cause Tokyo has already seen a cracks and distortions in the lessening of its position as old system, making further

The challenge in the early part of the 21st century should be to establish a Japanese government anese economy which is announced an extensive plan internationally compatible - the so-called "Big Bang" - and competitive. If Japan to reform its financial ser- succeeds in its reforms, the vices industry. Reform will yan could play a more centre on three elements: important role - as one of merket competition; the three leading internaincreased transparency; and tional currencles alongside

anese financial markets Monetary Affairs





Mobutu aid highlights unjust debt

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COMMENT & ANALYSIS

Time Warner-show us the money

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday May 14 1997

East Asian miracle

And they said it couldn't be done. For months now officials in Japan and the US had been trying to coax investors back to the year. Until last week they were politely ignored, and for good reason. But then suddenly. the mood changed. Within a few days, the yen reversed nearly one-lifth of its two-year decline against the dollar. And bemused observers of the "fundamentals" are wondering why.

question would be: because Mr Eisuke Sakakibara, international finance supremo at the Japanese finance ministry, in the gap between US and Japwanted the yen to rise. But that can hardly be the whole atory. For a start, it is difficult to see many domestic reasons to favour a stronger yen. The impact at bome of tha yen's decline has been almost universally positive. A more accurate reading would be that be of the developments cited in wanted to be seen by Washington to want to limit the rise in tha Japanese trade surplus. Calling loudly for a higher yen at home, on this view, reduces the risk of even more raucous complaints from Mr Robert Rubin, the US treasury secre- Federal Reserve might find it tary, and the trade hawks on

But wanting a strong yen does not make it so. There is leagues bave pulled off an still the question why investors finally decided to jump at "Mr Yen's" behest. There has been must wait to see if events in tha

financial markets about the strength of the recovery. Stock market values and bond yields have both risen sharply over the past month: stocks because of rising profit forecasts, bond yields because of fears that short-term interest rates may rise sooner than expected.

A rather different kind of optimism has been overtaking US markets, where most seem to think it less likely that interest The short answer to that rates will be increased at next week's meeting of the Federal Reserve policy-making committee. The net effect: a narrowing anese bond yields by about three-quarters of a percentage point, to a "mere" 4 percentage points. All of which seems to have made investors happier to take a punt on a stronger yen.

And yet, even Mr Sakakibara
would have to admit that most

support of the yen remain in the realm of prediction. Sooner or later, Japanese interest rates will rise from their historic lows; sooner, if the economy proves to have ahrugged off the recent tax rises. Likewise, tha can hold off increasing interest rates. But neither is exactly a sure thing. Mr Yen and his colimpressive piece of financial market levitation. Now they

UK inflation

The most interesting aspect of there is a danger of overheating yesterday's Bank of England inflation report is the chapter which it does not contain: namely its thoughts on whether taxes should be raised in the forthcoming Budget.

On May 6, when the Bank was given operational independence. the relationship between fiscal policy and interest rate decisiona acquired a new and untested dimension. From now on, the Bank's monetary policy committee will have authority Budget. to change interest rates in order

by the government. But there is more than one way to curb inflation. Although yesterday's report does not say so directly, it can be read as a reminder that fiscal policy can have an important role alongside monetary measures.

The Bank's analysis showa the difficulties now confronting the UK's unbalanced economy. On the one hand, sterling's 16.5 per cent rise since August may be expected to curb the growth of exports and manufacturing output, although the effect has been surprisingly small so far. On the other, the domestic economy is growing much faster than is consistent with tha long of the effects of a fiscal tightenrum rise in productivity.

Consumer spending, growth in the service sector, house sales of durable goods last year all point in the same direction. With unemployment falling fast and wage rises accelerating.

and rising inflation next year. Something will probably need to be done to choke off excessive demand. But what? The

Bank's oracular phrase - "some further moderate tightening of policy in the months ahead" is most obviously a warning that interest rates will rise, beyond the ¼ point increase on May 6 to 6% per cent. But it might be an oblique reference to the chancellor's forthcoming

" The UK's inflationary dangers to meet an inflation target set arise mainly from the spending of consumers, spurred on by a 3.8 per cent rise in real disposable incomes last year and further encouraged by tha imminent financial sector windfalls. A sharp increase in personal taxes might curb this excessive growth of the domestic economy and so reduce the need for tighter money. But tha Bank has power only to raise interest rates, which might posh sterling higher without curbing the

Under the new arrangements, the Bank's strategy will be, for the UK, unprecedentedly open. It is a pity therefore that it has not felt able to publish its views ing. Having so recently escaped the Treasury's bear bug, the old lady was no doubt anxious to prices and a 9 per cent rise in avoid treading on ber old friend'a claws. But she has wagged ber finger, and now she has real power to make the chancellor take notice.

domestic spending spree.

Stump up

The dilatory manner in which whereby insurera promise to many of Britain's leading banks pay benefits at the level penand insurance companies have set about compensating the vic-receive if they were ultimately tims of pensions mis-selling has reinstated in their former penbeen a dismal reflection on the sion fund. integrity of an industry whose future depends on public trust. So much the better, then, that the new economic secretary to the Treasury, Ms Helen Liddell, has seized the initiativa by summoning the worst offenders to a meeting today.

talked into buying potentially inappropriate pensions in the late 1980s and early 1990s, some 470,000 are deemed to be priorlty cases. Yet fewer than 7,000 have been compensated since a review of mis-selling was for example, be extended to the launched in 1994, while 18,000 proprietary life companies. have already died without being reimbursed. If ever there was a case for lighting a fire under an industry and its regulators, this Frank Field's appointment as is surely it.

ments Board (SIB) and the Personal Investment Authority (PIA), the main watchdogs involved, have at last acquired some sense of urgency. Yesterday the SIB published a number of measures designed to accelerate the review process. Among targets set by the front-line regcompanies. The SIB has also an excellent way of demonstrat given further impetus to a proposed guarantaa scheme, ment to the consumer.

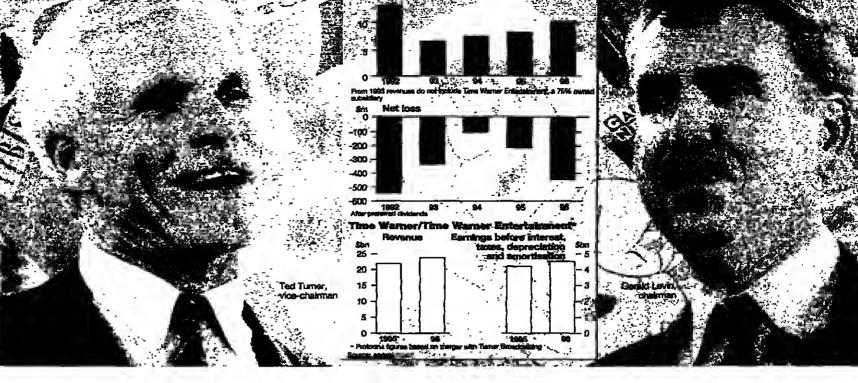
sioners could have expected to Equally important is to

engage the attention of those in tha boardroom, who bear as much responsibility as those beneath who have been dragging their beels over tha review. Ms Liddell has the advantage

of being able to offer the indus-Of those who ware sweet- try a fresh start. She can also wield a big stick. While the government's direct powers under the Financial Services Act are largely delegated, a minister can always threaten fiscal penalties. The windfall tax could, Mutual insurers are harder to

penalise without hitting innocent policyholders. But if Mr minister of state for social secu-The Securities and Invest-rity means anything, the future privatisation of pensions is a big business opportunity for the private sector. In any system that relies on authorised fund managers, the Treasury blackball is

a potent weapon. By putting its weight behind the watchdogs' latest initiative, the more important are specific the government could make a decisive contribution to breakulator, the PIA, for individual ing the logiam. This would be



Time for some results

Time Warner's fortunes may be looking up at last but they are counterbalanced by the group's large debt, says **Richard Waters**

sharebolders, Mr Richard Parsons. president of Time Warner, thinks of Jerry Maguire. The film character, played by Tom Cruise, had a simple response to the empty promises and prevarications be encountered in business: "Show me the money!"

That, suggests Mr Parsons, could be the rallying cry for Time Warner's shareholders. After all the promises that have been made this decade, the owners of the huge entertainment and media group are getting tired of waiting for their company to live up to the grand visions on which it was founded.

When Mr Gerald Levin, chairman, stands up to address Time Warner's annual meeting in New York tomorrow, he will claim that things are at last coming good. A strong performance from most of the group's businesses and a rally of its shares by a share - has been struggling. quarter this year seem to point to better times.

Furthermore, last year's \$6bn purchase of Turner Broadcasting. owner of cable television networks such as CNN, may be beginning to yield results. Hitherto, the benefits of cross-fertilisation have conspicnously failed to materialise

waiting. The company, created eight years ago from the merger of Time and Warner, has never made a profit. Its mountain of debt - \$18bn at last count - has never qualified as investment grade, leaving the group with a hefty interest bill. To cap it all, it still trades below the \$50 (£30.80) a share that Paramount offered for Time in 1989, before the company fell to a bid from Steve

Ross's Warner. value, such anomalies were supposed to have been away by investor activism. Yet Mr Levin, who took over on Ross's remarkable resilience. There are each other, and all would be

ben asked to two broad reasons to support Mr helped by control of the country's are owned by a separate com- meantime. Time Warner bas describe the Levin's belief that Time Warner's mood of bis prospects are improving, though not necessarily in its present form. First and foremost is the powerful performance of many of its businesses, which have done particularly well this year.

> with annual charge to profits on amortising the goodwill from its acquisitions - \$1.1bn last year. Strip away such costs and one reveals a set of entertainment businesses that are, by and large, firing on all cylinders.

These range from Warner Bros, the most consistently profitable and stable film studio in Hollywood, to a publishing business that produces, by Mr Parsons' reckoning, 30 per cent of the US magazine industry's revenues and 40 per cent of its profits. pushed for Time Warner's own Only the Warner music group with around a 20 per cent market rights to Warner Bros' films. This Time Warner suffers the curse

of many conglomerates: it would probably be worth more in pieces than as a whole. The company's executives betray the frustrations that come from fighting this beavy financial drag. Of the Time publishing unit. Mr Parsons says with a distinct note of sourness: "No one is ever interested Most sharebolders are tired of in it. Wall Street never wants to know what the publishing numbers are."

> Other big US companies bave spun off or sold underappreciated assets. But for now, Merrill Lynch. at least, Time Warner has set its face against such a move. The aim, instead, says Mr Parsons, is "to articulate our message and to have a performance that ultimately is not ignorable".

Synergy, however, is a concept that has largely gone out of fashin this era of sharebolder ion in US business circles. Mr Ross's vision in the late-1980s in film, music or printed form death in 1992, has bung on with tainment forms would support

second-biggest cable television operation.

Mr Parsons now suggests that vision was over-optimistic. Owning all the hardware that it takes to run a cable system - the wires and set-top boxes - appears to Time Warner more than \$1bn The company's lack of profits bave produced few synergies is largely a result of its high interest bill, which ran to \$1.4bn last year. It must also contend that are pumped down the cable.

This realisation led to the purchase of Turner. The owner of a handful of well-known cable television networks, or atations, Turner offered a more obvious outlet for the content coming out of Warner Bros' film and television studios.

It has taken Mr Ted Turner, now Time Warner's biggest sharebolder and a vice-chairman, to make this work in practice. Overriding the concerns of some Warner executives, be has networks to be given priority gives them preference over rival networks, such as NBC and ABC, which still account for the bulk

hatever tensions this has created internally, the move bas certainly won fans on Wall Street. "For the first time since Steve Ross died, they've got someone with the weight to make these companies work together," says Ms Jessica Reif, an entertainment industry analyst at

Comparing Mr Turner's efforts with those of another, more successful, company that has pursued a similar policy of vertical integration, Ms Reif adds: "It's inconceivable that Disney would sell its movies to [the rival networks] NBC or ABC."

The second reason to feel more was to marry content - whether prospects stems from the business that has been its biggest group's debt results from amassing cable systems, most of which

pany, Time Warner Entertainment. This is itself 25 per cent owned by US West, a telephone company. Furthermore, revamping these systems with optical fibres and cable-modems has cost

annually since 1994, a burden

likely to continue for the rest of

the decade. Wall Street has been concerned that this befty financial commitment might not bear fruit, in the early 1990s, Washington extended its regulation of cable rates just when it was opening the market to competitors from telephone companies and satellite broad-

squeeze the industry's profits.

But these fears are beginning to look overblown. The government has changed tack, and cable rates will be deregulated by 1999. Also, competition has been less ferocious than feared. The telephone companies have largely turned away, more intent on fighting against a competitive assault on their own business. have scored some early victories, the biggest threat - a joint venture involving Mr Rupert Murdocb's News Corp and Echostar, the US satellite company - bas

collapsed. Other threats will follow, such as an expected attempt by the computer industry to dominate But for now, Time Warner's cashflow from cable systems seems more resilient than it has been for some time.

These are good reasons to believe that Time Warner's fortunes are looking up. But they remain counterbalanced by the the group's debt. As Mr Parsons acknowledges: "Any balance abeet can only take so much

optimistic about Time Warner's for more than two years for Time Warner's chairman to pull off a restructuring that would cut this with distribution. Different enter- beadache: cable. Much of the debt. Investors' preoccupation says one of Time Warner's bigbas put all Mr Levin's other efforts into the ahade, in the

bought more cable systems as well as Turner Broadcasting, adding to the overall debt load and leaving largely unchanged important measures of financial bealth, such as the ratio of cashflow to interest and dividends on preferred stock. Until the group makes some headway on debt, its share price is unlikely to make

much further progress. The delay is partly the result of the failure to conclude a deal with US West, the minority partner in TWE. For some time, US West has been negotiating an end to the relationship that would leave it with a chunk of the casters. Both seemed destined to unit's cable systems and some of its debt. But its executives say they are under less pressure to complete a deal than Mr Levin. Time Warner is unwilling to sell

out too cheaply. If Mr Levin could seal a deal with US West, says Ms Reif at Merrill Lynch, the ground would be prepared for a second - possibly much bigger - step. Time Warner might, she says, follow And while satellite broadcasters up with the sale of a majority stake in its remaining cable systems, or spin them off altogether.

If it managed to push its mountain of liabilities to one side, Time Warner would have the breathing space to demonstrate the bealthiness of its other businesses. That would reduce presthe world of digital broadcasting. sure to start shedding any of its crown jewels, says Mr Neil Begley, an analyst at Moody's, the credit rating agency. If the group can sustain the trend of cashflow it now has, it should be able to pull through without being forced to make further provisions, he says.

This positive outcome is based on a lot of 'ifs' - a word of which Time Warner's shareholders are understandably wary. Many need Wall Street has been waiting convincing that the long awaited restructuring is actually about to happen.
"When it occurs, it occurs,"

gest institutional investors. "Until then, it's all talk."

OBSERVER.

Matching. bargains

Another of soccer's proud traditions is being swept away by the march of big money into the game. The changing room, where players have talked for decades about sex, booze and holidays, is apparently becoming a forum for financial discussion.

As the Dutch national team moves from country to country." players take time out at airports to call their brokers on their mobile phones. In club bars they get a kick out of watching teletext for the latest price moves. While soccer magazines still seek footballers' views on life, love and the offside rule, weightler publications are sitting at the feet of midfielder Ronald de Boer, the side's

acknowledged equity expert. "The Dutch economy is doing well," De Boer told the magazine Nieuwe Revu, "and a halfway clever person knows that interest rates are low. So you know that people won't put their money in the bank, they I buy shares instead." Turning tipster, he advised his already wealthy father in law to buy KLM: He invested in Philips by mistake. only to see the electronics shares education and a clean Est (12 gray

Other players are more bearish about the Amsterdam market, including Robald's twin that role.

brother Frank, the Dutch captain. On the field, he takes up Emerging Asia's economic deep positions in defence. As an investor, be is abandoning his positions, selling shares in anticipation of a market slide. Ronald himself has decided that call options are too risky. It's all about knowing when to strike,

Hidden agenda

The Asian Development Bank is giving a curiously low profile to the role played by Jeffrey Sachs of the Harvard Institute for International Development in co-ordinating its new tome on Emerging Asia. Insiders at its annual meeting in Fukuoka. Japan - which Sachs did not attend - confessed with hindsight that they picked the wrong man for the job.

Chunks of Sachs's mitial draft were sent back for revision, because the ADB felt it leaned too far towards a minimal role for governments in development. Thinking in the bank is moving in the opposite direction - that more rather than less . government involvement is needed, not to pick industrial champions but to set the . regulatory framework to secure the provision of health. environment which make development austainable. The bank wants a debate on defining

The disagreement meant preparing to enter the policy fray in a more distinctive way. This autumn it will set up an institute in Tokyo to promote an Asian view of development. What Eisnke Sakakibara, Japan's top international financial official, calls the "Washington consensus" is likely to come under more

Mario stanza

So what persuaded Italian Commissioner Mario Monti to retreat over the new UK government's plan to cut value added tax on fuel? Europe's single market guardian at first threatened to block the move because it flouted EU rules. But when push came to shove at this week's meeting of EU finance . ministers, he gave the green light without any fuss.

The answer seems to be that the British connection in Brussels is alive and kicking and doing what its EU partners already do so well. Step forward James Currie, former chief of staff to Sir Leon Brittan. Britain's senior Brussels commissioner, who's now the Commission's director general of Estonians got out their mobile customs and indirect taxation. phones, called up the Finns and Currie, a bit of a Scots bruiser, sub-contracted the job.

drafted the conclinatory statement in Monti's name, conclusions were bland, but also dreaming up the deliciously signals that the ADB is diplomatic lines: "Although the commission's legal analysis can only be completed once the full details are known, I do not see any particular legal obstacle at this stage. That left UK finance minister Gordon Brown free to extract maximum political gain from his victory.

Baltic statues Estonians harbour high hopes

of early entry into the European Union, and believe the odds against them would be shorter if outsiders would stop lumping them together with the other two Baltic states. In his campaign to set western Europeans straight, the country's foreign minister Toomas lives is telling an apocryphal tale about how the massive statues of Lenin were removed in the three countries capitals after the Soviet Union

In Lithuania, an emotional flag-waving crowd gathered in the central square singing the national anthem and tore down the monument. The Latvians set up a committee to work out the best way to remove the statue and what crane to use. The

Financial Times

100 years ago Crops Ruined in France

Auxene, Yonne, 13th May. Last night there were nine degrees of frost in this district, the thermometer falling to 23deg Fahrenheit. The night before last it fell to 28.6deg. The frost this morning is general. The vine, fruit and vegetable crops are ruined, and the damage in this department alone is estimated at 20,000,000 francs. The inhabitants are in despair.

50 years ago

Scotch And Dollars A demand expressed lately in certain sections of the trade that the export price of Scotch whisky be substantially increased to provide more dollars and to compensate the domestic consumer for the reduced allocation effective from the beginning of the month would, if accepted, prove "disastrous" to the industry. That is the view of one of the most prominent figures in the whisky trade. He pointed out that consumer resistance, particularly to luxuries, was hardening rapidly in the United States and that at the moment "it would be the height of folly' to countenance a rise in price.

world's most refreshing cirline.

Wednesday May 14 1997

Vietnam cannot afford more debt, say bankers

World Bank opposes Hanoi funding plans

By Jeremy Grant in Hanoi

Vietnam's plans to start borrowing in the international capital market this year have aroused opposition from the World Bank, which says the debt-burdened country cannot afford to rack up further

The move has also alarmed western economists who fear the government may use the mnney to belp finance the country's fragile budget rather than for projects which could generate a commercial return.

Hanni sbelved plans last year for a eurobond issue of between \$100m and \$150m as it was still negotiating the settlement of money nwed tn the London Club of commercial creditors, put at about \$750m. Hanoi hopes to issue a Brady bond - restructured debt using US treasury bonds as collateral - by the end of this month to

resolve that problem. Mr Nguyen Sinh Hung, the issue. "We are working on it national Monetary Fund.

He said the money raised would go to state-owned companies to fund expansion. Merrill Lynch and Nomura

last year were mandated to arrange the five-year facility. Mr Florian Schmidt, associate director of the debt capital markets group at Nomura, said Hanoi aimed to issue the bond "pretty soon after the Brady is issued".

However, Mr Bradley Babson, the World Bank's representative in Vietnam, said the bank had not relaxed its opposition to the plan after first advising against it last year. "Given the creditworthiness,

Vietnam would not be encouraged to engage in sovereign borrowing at this stage for fin-ancing the budget," he said. Vietnam is the second largest recipient of World Bank funding after India.

Any bond issue would use a Vietnamese finance minister, large portion of the country's they saw as generous despite said the government was mnv- yearly sovereign borrowing being below investment grade.

Bid to end company statute deadlock

By Emma Tucker in Brussels

Hanol ran up a trade deficit

"We continue to be con-

ement of debt policy," said

of \$4bn last year, about 18 per

cent of gross domestic product.

cerned about the overall man-

Mr Babson. Foreign bankers

say politically inspired lending

plagues the banking sector.

slack and corruption rife.

where credit assessment is

However, one western econo-

mist said there were signs that the money might be added to a

finance ministry "war chest"

aimed at helping Hanoi raise

its share of cash for multilater-

What's happening is that

because they don't have the

budget, they're trying to get it

through other means. That is

Bankers were surprised

when Moody's, the rating

agency, last month awarded

Vietnam a Ba3 rating, which

being viewed as unhealthy."

said one western economist.

ally-funded projects.

Industrial experts have mounted a fresh attempt to break the 25-year deadlock on proposals for a single European company statute.

The group, led by Viscount Etienne Davignon, chairman of Société Générale de Belgique, believes it may have found a solution to Germany's objections to the plans. If implemented, these would allnw companies with operations in more than one member state to be governed by one law, applicable in all EU countries.

The proposals, first drafted in the 1970s, are seen by the industry as an important component of the single market which could save them billions of ecus. But the plans have been blocked largely over the issue of worker involvement and differences between the UK and Germany over how far companies should be obliged to consult workers.

Other problems include company taxation and issues such as bankruptcy.

The new UK government is likely to lift Britain's objections to an obligation that multinational groups set up bodies for informing and consulting workers. But Germany fears companies would use the European company statute to circumvent its own traditional system of worker involvement.

The report published yesterday suggests that the terms of worker involvement should be decided by each European company. If an agreement between management and employees on the nature of that involvement could not be reached after three months, a set of reference rules would apply.

The group hopes this solution would meet the concerns of countries with advanced participation systems, such as Germany, by extending the obligation to negotiate on worker involvement to all RU member states.

Officials have hinted that Germany may be ready to take a positive approach to break the deadlock.

The report will be presented to internal market ministers in

THE LEX COLUMN

Tackling Telekom

After a slow start in the wake of November's flotation, Deutscho Telekom's shares have jumped nearly 30 per cent this year, handsomely outperforming a rising German stock market. There are two principal reasons.

First, fears that the group would rapidly lose domestic market share look overblown. Though full deregulation starts next year, Germany has yet to decide on the level of interconnection charges between DT and its competitors. Every month of delay gives DT longer to get its cost base down, while stymieing its rivals. In France, by contrast, the regulatory framework has heen set well ahead of France Telecom's privatisation.

Second is that DT did not make widely expected investments in Sonth Africa and Kazakhstan. Investors have taken this as a welcome sign of focus from a company with a huge pile of debt and an international strategy that has often amounted to little more than waving around its cheque book.

But yesterday's results also showed that DT is proving vulnerable to competition where it already exists. Revenue from international calls fell nearly a fifth as the likes of AT&T and Mannesmann picked off lucrative business customers. With its shares at just over DM40, DT is trading on a multiple of 5.4 times enterprise value to earnings before interest, tax, depreciation and amortisation, a 30 per cent premium to its European peers. That looks high enough for now.

The desire of European Union leaders to prevent speculators wrecking the single currency project is understandable. High unemployment and fragile political support for monetary union across much of Europe provides a fertile backdrop for trouble. And the memories of currency turmoil in 1992/3 are still seared in the memories of bankers and politicians alike, Still, some of the latest wheezes under discussion look more likely to provoke precisely the sort of chaos

their architects are trying to avoid. The lesson of recent years is that speculators flourish when offered a fixed target which cannot be credibly defended. This suggests that the best defences against speculators are either to deprive them of targets completely or to present ones whose credibility makes them economy which would be exagger-secure from attack. This would ated by higher rates. It is good news

FTSE Eurotrack 200: Deutsche Telekom

ing about conversion rates for currencies entering Emu in January 1999 or announcing them ahead of the time. In the latter case, of course, the rates would need to be plausible and would have to be backed by a strong commitment to defending them.

What cannot work is a halfway house, where the market is led to believe that such targets do exist, without their being disclosed. In this case, traders will simply hammer away until the central bank is forced to reveal its hand. And, as the recent experiences with the hrish punt and sterling show, if there is a whiff of competitive devaluation in the air speculators smell blood.

UK inflation

The Bank of England has acquired new freedoms but will they make any difference? On the early evidence, not as much as might have been thought. Doubtless the the Bank is still coming to terms with her liberated status. But yesterday's inflation report was very much a case of business as usual. True, the tone was more hawkish than in the past. But political considerations still weigh large. The Bank's core message is that further steps must be taken to curb demand if inflation is not to pick up in the medium term. But the clear sub-text is that the Bank would prefer the chancellor to do the nasty business rather than leave it in

raise interest rates. This makes good sense, given the well publicised imbalances in the for gilts, and hence should also offer support for equities, although there are lingering fears about how Mr Gordon Brown, chancellor of the exchequer, will treat the corporate sector in his budget. A further rise in interest rates still remains likely, but if Mr Brown delivers a sufficiently tight mini-Budget, market fears of a further 0.75 percentage point rise in interest rates this year may prove excessively pessimistic.

moves closer

Imrian deal

Gilts

The government's early move to grant independence to the Bank of England has left markets in a muddie. The past week has produced the curious combination of a powerful rally in gilts and a sharp fall in sterling. The spread of 10-year gilt yields over German bunds fell from around 185 to 137 basis points, while the pound slipped 10 plennigs before recouping some of its losses The curiosity is that, in the near term at least, the opposite might have been more logical: expectations of higher short-term rates fuelling sterling strength and undermining gilts.

Correctly, however, the market i taking the long view - that the UK now has an improved chance of achieving sustained low inflation. Long-term inflation expectations have fallen by around half a per centage point since last week's announcement. These, plus a lower risk premium for inflation, allow for lower bond yields. Moreover, with the new government moving closer to the rest of Europe, it is reason able to expect UK bond yields to start converging on their continental counterparts. There is little rea-

Russia moves to reassert state control of Gazprom

By John Thornhall in Moscow

Mr Boris Nemtsov, Russia's reforming first deputy prime minister, was yesterday named head of a 10-person government board to "introduce order" at Gazprom, the giant gas monopoly.

Mr Nemtsov, who joined the government in March, called the move "a breakthrough, even a sensation.

The sensation is that the biggest joint stock company in Russia, one of the biggest companies in the world - in which the state has an interest of 40 per cent - has finally been put under state control," Mr Nemtsoy said.

Paradoxically, Mr Nemtsov wants to reassert state control over the partially privatised Gazprom to force it to become more open and market-oricut its gas prices, pay its taxes in the industry.

time, and increase its dividends on the state's 40 per cent

He said the state had earned just Rbs20bn (\$3.5m) in dividends from Russia's richest company over the past two years. "I explain this by the fact that the state had totally lost control of the company. Mr Nemtsov said. A presidential decree, pub-

lished yesterday, established a parallel board of 10 state representatives to oversee the activities of Gazprom and manage the state's shareholding more effectively. Headed by Mr Nemtsov, the

committee, the ministries of energy and finance, as well as the tax inspectorate. Mr Nemtsov said the board would also press for more open

too early to assess the decree's significance, suggesting it could be interpreted and

implemented in different ways. Gazprom has enjoyed strong political patronage thanks to Mr Victor Chernnmyrdin, its former chairman, who became prime minister in 1992. But the government's latest

ers appear to have backed away from earlier plans to break it up. Another presidential decree sterday promised to remove all federal budget funds from privileged "insider" banks board will include representafrom the start of 1998 and tives from the anti-monopoly

bank's branch network. Mr Christopher Granville. bead of research at United City Bank in Moscow, said the govented. He said the government access to the gas pipeline and ernment was now fully comboard would press Gazprom to increased foreign investment mitted to the sweeping reform agenda outlined by Mr Yeltsin

transfer monies via the central

move appears the most deter-

mined assault on Gazprom's

power - although the reform-

This adventisement appears as a matter of record only

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£84 million

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'War plan' to stifle currency speculation

Continued from Page 1

Netherlands on July 1 before handing over to the UK nn January 1 1998. The UK will chair the special May summit to choose Emu qualifiers.

The Luxembourg plan borrows from ideas in a paper by the London-based Centre for The plan does not cover the

conversion rate between national currencies and the euro, which are to be fixed on Emu's launch in 1999 accord-

ing to the Maastricht treaty. Instead - in an effort to cement the transition to the euro - EU leaders could informally agree or publicly state their target for conversion Economic Policy Research. rates between future euro

per cent fluctuation bands in outside. Otherwise, there the ERM to secure a "managed could be a disaster," said a float".

Provided the rates were credible, the need for substantial central bank intervention would arise only at the end of the transition period to Emu in late 1998, bankers believe.

"The markets must not be surprised by the choice of parmembers, exploiting the 15 ticipating countries and those

FT WEATHER GUIDE

enior monetary official.

Mr Juncker acknowledged that one of the chief obstacles to the plan was that it in effect prejudged the formal political decision on Emu in May 1998. Short-circuiting the political process could prove highly controversial in Italy

Europe today

Warm air over central and eastern areas as a frontal zone extending from Spain across Germany to northern Russia slowly shifts northwest. Cloud and rain will dominate near the frontal zone. Thunder storms are also likely. Widespread sunny periods and a few cumulus clouds will occur over the Mediterranean, the Balkans and eastern Europe. Maximum temperatures will easily reach 30C in parts of Turkey, Romania and the Ukraine. Temperatures in tem Europe will barely exceed 20C despite sunny spells. Southern Scandinavia will have frequent

Five-day forecast Warmer air will move further west. Cloud and showers will remain over Spain and Ireland. Sunny spells will dominate the continent as high pressure becomes established from southern Scandinavia to the

We wish you a pleasant flight.

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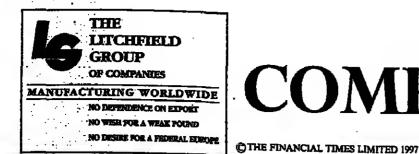
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rein 22 cloudy 14 rein 24 sun 25 sun 29 fair 28

son why gilts should be yielding 3125 IL 30-50 basis points more than equiva lent bonds in countries like Spain and Ireland. The spread over bunds will narrow further as the market digests the fact that, just as the Bank of England is getting a free hand, the Bundesbank is handing over the baton to an untested successor. This must put upward pressure on German rates. Meanwhile, sterling's recent gyrations have had precious little to do with central bank independence. But a weaker sterling is consistent with a rallying gilts market: as sterling falls, the risk foreign investors face of future currency losses reduces, allowing them to accept a lower yield. Additional Lex comment on Allied Domeco, Page 20





FINANCIAL TIMES COMPANIES & MARKETS

Wednesday May 14 1997

Rivals' price cuts hit Telekom



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GM moves closer to Russian deal

General Motors, the world's biggest car company, will today announce in Moscow that it has made "very significant progress" in plans to build cars with one of Russia's leading

Panamoo buys coca-cola bettler Latin America's "cola wars" have re-opened, with two of Coca-Cola's main bottlers coming together in a \$1.1bn acquisition in which Coca-Cola itself had a key role. Page 16

Giants stay out of Retevisión battle AT&T and Deutsche Telekom have stayed out of the battle to acquire Retevision, the second telecom operator in the Spanish market. Page 18

Alcatel isunches new drive for Thomson Alcatel Alsthom went on the offensive in the fight for Thomson-CSF, the French statecontrolled electronics giant. The telecoms and engineering group warned e bid from Lagardère the French missiles-to-magazines conglomerate, would lead to Thomson's break up. Page 19

ICI to pay unusually high loan premium Imperial Chemical Industries will service the \$8.5bn loan it arranged for its buying of Unilever'a chemicals arm, Europe's largest syndicated loan, at a rate of 0.55 percentage points over the London interbank offered rate. Page 22

Ailled Domecq may fight GrandMet link Allied Domecq, the UK drinks group, joined Seagram of Canada in warning that the £23.8bn (\$38.6bn) merger of Grand Metropolitan and Guinness to form GMG Brands would not go unchallenged. Page 20

Eramet dodges French government Eramet, the metals group, appeared to have won a tactical victory over the French government in the mining rights row. Erap, the state holding company that owns 55 per cent of the group intended to take control of the board at its AGM but Erament has postponed the meeting until after the French general elections. Page 24

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PRAINTUST Rises	(DMB)		PARIS (FF1) Riseo	
Deutsche Ek	97.30 +	2.20	Alcotol.	568 + 23
GET LE	117.80 +	2.90	Deserve Sys	398 + 18
Vede	97.40 +	1.20	Saint Sobelin	830 + 36
Palle	91.40		Seits	214.80 + 6.50
Degases	77.50 -	1.20	Pails.	
Doutache Tale	40.13 -	1.06	merball	223.50 - 3.50
Heritz · ·	186 -	2.50	Pachiney	96 - 1.60
MEW YORK			TOKYO [Yen	1
Mana Toron			Ricos	
Deere & Co	51% +	2%	Apathi Bryss	1510 + 50
	3114 +	144	Dafahows Paper	521 + 56
Dofar Gen			Jap Metals	289 + 22
Intend Steel	27% +	7	Teksehineya	1580 + 11D
Kubate Com	101 +	•	Falls	
Pallo			Capped Maries	900 - 44
MITCHE.	214 -	136		1330 - 80
Jille Chemical	17% -	114	Tores	
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Miree '	•		Meet	4.50 + 0.10
Abbay Ned	95714 +	38%	Chen Heong	
Olympion Gra	54% +	7	Horavell .	425 + 0.22 11.10 + 0.10
		-	والمستقددة	11.7U + W/V

SANOKOK (I Rises

60.50 + 4.50 Their Cent.
6.80 + 0.85 Their Rubber

10.00 + 0.75 United Conner

Finals

6.80 = 3.55 American Stand

6.00 - 0.50 Fer East

12.25 - 1.25 Regional Cont.

30.00 + 2.00 37.00 + 2.50 150.00 + 13.00 risk premiums.

discussed the a little more than 3.5 per cent, proepects for and conventional long govern-the naw ment bond yields happen to be very close right now et 6.8 per indexed US cent and 7.1 per cent respectively. Inflation expectations eppear to be similar. But the relationship with

equities is different. US equities yield 2 percentage points less than TIPS. This can be rationalised by projecting real dividend growth of, say, 25 per cent, in line with long-run economic growth, for e total expected real return on equities of a little more than 4 per cent. This would allow for a

> UK dividends face a cut in advance corporation tax and discrimination

against payouts by the retention junkies at the British Treasury

small risk premium over TIPS, of about 0.5 per cent. In the UK, however, equities

have normally yielded more than linkers, by a typical (though variable) margin of about 0.5 per cent. This real heavily negative in the summer of 1987 and gave a warn- sury. ing of the stock market crash. Yet there is a serious prob- in recent years the gap has only by a few basis points - in again during the past few

against index-linked. Over 10 years, the nominal rate of return on linkers has been 8.8 per cent against 13.8 per cent on equities. Given euch an excess return it is surprising that the equity yield premium

idly. sis, too, it is odd that the yield relationship aeems to make inadequate allowance for real dividend growth - which has been about 2 per cent in the UK over tha long term. By implication, e large risk premium, of the order of 2 per cent, is factored in.

An explanation could be that certain institutional holders of index linked gilts use them to match real liabilities, and are in effect willing to pay a high insurance premium for security. But at the same time it is easy to see why British pension funds have 11 times as much invested in UK equities as in index-linked gilts, even though the latter assets were invented specifically to suit

Now, however, UK dividend yields may be going the way of their US equivalents.

hit from a cut in advance corporation tax and longer-term discrimination against payouts yield gap notoriously went by the retention junkies who now inhabit the British Trea-

On past patterns, British

Strong results spoiled by fall in revenues from international calls tially privetised last November, also ecknowledged the liberalisation of the country's (\$1.27bn). Pre-tax profits in

ket in January, he said: "For in countries with low tariffs. the foresaeable future, the capabilities of telecommunications services made in Germany will be represented on the world market by only one company from Germany. He said Deutsche Telekom had the option of floating e

second tranche of shares to finance significant deals at home or overseas. However, the company suggested that For the first quarter of 1997,

public service telephone mar-

(\$1.27bn) . Pre-tax profits in 1996 oo continuing operations rose from DM3.8bn to DM6.8bn and revenues from DM59.6bn to DM63.1bn. Net income was DM1.8bn last year using German accounting principles, or DM2.6bn using US standards.

Deutsche Telekom's shares bave risen more than a third from the DM28.50 offer price last November, but yesterday's results failed to generate additional excitement, with the shares closing down DM1.33 at DM39.80.

The German newspaper

reports this morning that Mr Theo Waigel, the German finance minister, is planning changes in the rules which would enable the sovernment to sell part of its DM2bn hold-ing in Deutsche Telekom, to help solve budgetary difficulties over the Maastricht crite ria for European monetary

union, Alan Cane writes. At present, the government cannot sell off any of its stake before 2000.

Lex, Page 14; Telekom stays oot of Spain, Page 18

Novartis pays \$910m for Merck insecticides

By Raiph Atkins in Bonn

of 1997.

A slide of almost 20 per cent in

Deutsche Telekom's revenues

last year from outgoing inter-

national telephone calls took

the gloss off its strong 1998

results and an upbeat state-

ment on the first three months

It blamed "double digit"

price reductions and increased

competition for the drop in

international call revenues,

which highlighted the group'e

increasing exposure to attack

The group, which was par-

from rivals worldwide.

Novartis, the Swiss drugs company, is buying the crop protection business owned by US drugs company Merck for \$910m. This will be its biggest deal since the company's formation last year from the merger of Ciba and Sandoz.

The acquisition gives Novartis a significant US presence in insecticides, fungicides and herbicides. The existing business is strong only in Europe, Novartis. Asia and Latin America.

very profitable. "Sales bave grown over the past four years important of the brands being at a compounded annual acquired. growth rate of 12 per cent and gross profit and operating income have grown at a compounded annual growth rate of ered was the best offer in spite 12 per cent and 13 per cent of a number of other "finanrespectively," said Novartis. cially aggressive" bidders.

bond will be launched today

by Castle Transmission, the

consortium that bought the

BBC's domestic transmission network in February.

risk - are risky obligations with credit ratings below rat-

ing egencies' "investment grade" threshold.

credit risk, the bonds reward

Sales last year were \$200m. earnings enhancing immediately, said Dr Daniel Vasella, chief executive of Novartis.

"We are paying nine times

the company's pre-tax, pre-

impact of "call-back" services,

which bill international calls

Mr Ron Sommer, chairman,

said Deutsche Telekom would

annual resulte press confer-

ence in Bonn, Mr Sommer

appeared to pour cold water on

rumours of e fresh link-un

with Cable & Wireless of the

UK, seying "there are bun-

dreds of options" for possible

However, in e swipe et

international investment.

Speaking at the company's

respond "with new ideas".

interest payments profits for 1996," be said. The company's market share in the US in insecticides would be close to 20 per cent after the acquisition, said Mr Raymund

Breu, finance director of Agrimek and Vertimec, not hamper its flexibility, Novartis said that Merck's insecticides which also have a crop protection activity was specialised use in mite and tick control, are the most

> The sale had been conducted by auction. Merck said Novartis had made what it consid-

Sterling 'junk' bond debut

mark government bonds.

the ecquisition.

packaging group.

High-yield bonds - dubbed alreedy been isened in

junk bonds by US investors D-Marks and a third is expec-because of the high default ted to be launched next week

In exchange for the higher had an active market in low-

investors with substantial erted by investors following

By Samer Islandar in London interest margins over beach- several defeults in the early

likely to have a 10-year matu-

rity and will form part of e

£250m financing package for

by Impress, Europe's second

iargest non-beverage metal

Previously only Switzerland

quality debt, which was des-

Barry Riley

Two high-yield bonds have

Merck had signalled its The acquisition would be intention to sell the business as part of a reorganisation of what had been its Agvet division. The rest of tha division, which includes animal health and poultry genetics, is being put into e joint venture called Merial with French chemicals

company Rhône-Poulenc. Dr Vasella said there were further possible acquisitions in all Novartis's core areas of pharmaceuticals, agriculture and nutrition and this deal did

Separately, Novartis said it would cut 500 jobs in Switzerland over the next three to four years to concentrate pharmaceutical production in fewer factories in Europe

All of the job cuts had been included in the estimated 3,000 jobs Novartis aaid would be lost as a result of the merger between Ciba and Sandoz.

last month's debut issue by

Gebarit, the Swiss sanitary

group recently acquired by

Doughty Hanson, tha UK ven-

Credit Suisse First Boston

will act as lead manager of

today's deal, with J.P. Morgan

Castle Transmission is

consortium comprising Castle

Tower of the US and Télédiffu-

sion de France, as well as

investment groups Berkshire Partners and Candover.

ture capital company.

also playing a role.



News Corp pitches for Dodgers: Rupert Murdoch has made a record bid of more than \$350m for the Los Angeles Dodgers baseball team. The move will bring his company in line with media groups such as Walt Disney and Time Warner which already own sports franchises. Report, Page 16

Profits fall as Nintendo builds game system to rival Sony

By Michiyo Nakamoto in Tokyo and Alice Rawsthorn

Nintendo, the Japanese games group which is vying with Sony for market dominance. suffered e fall in pre-tax profits last year when it was building hardware base for its nev

Nintendo 64 games system. The Nintendo 64, which is faster and more powerful than rival systems, including Sony's market leading PlayStation, has generated strong sales ince its debut in Japan and North America last summer and in Europe this spring.

The Nintendo 64's success coupled with the positiva impact of the weaker yen on exports, triggered an 18 per cent increase in consolidated sales to Y418.2bn during the year, when net profits rose 8.4 per cent to Y65.5bn (\$553m).

However, pre-tax profits fell per cent to Y109.4bn, largely because of the switch from the group's old Super Nintendo machine to the new system. In the first phase of a system's life, companies tend to concentrate on aelling hardware, which is generally not profitebie, thereby building e consumer base to which they can then sell profitable software.

As a result, Nintendo's margins have been squeezed since the new system'a launch. Mr Joseph Osha, analyst at Merrill Lynch in Tokyo, estimates that operating margins fell by 5 per cent last year. Ha forecasts a significant improvement in profitability this year to 21.3 per cent, from 15.6 per

cent, as software sales take off. Sony's 32-bit PlayStation console had a two-year headstart in the Japanese market, and Sony has slashed the PleyStation's price and poached several freelance softwara developers previously spite of this tha Nintendo 64 has sold 3.42m units in North America, 2.04m in Japan and 660,000 alsewhere, mostly in Europe. It has also sold 4.5m of its Super Mario 64 adventure games and 1.5m of the Mario Cart 64 racing game. In addition, Nintendo had brisk sales table machine.

The group expects to sell 12m Nintendo 64s this year with pre-tax profits of Y127bn Picture: Alegori | and net profits of Y67bn.

Relationship problems for inflation-indexed bonds FINANCE



infiation-Treasury bonds,

then entering the pre-iaunch consultation stage. These Treesnry inflation-protected securities, dubbed TIPS, were eventually issued last January as 10-year notes, with a second fungible tranche floated last month.

I expected e real yield of a little below 3.5 per cent to start with, backing up as the market developed later on. That proved a fairly accurate prediction, although the recent rise to 3.65 per cent at one stage, as the April iesue met rather soggy demand, was a little disappointing.

The bigger question, however, was how these inflationproofed bonds would relate to US equities, then yielding 1.9 per cent (and now under 1.7 per cent).

Plainly, one cannot expect the mighty US stock market, capitalisad at more than \$8,000bn (24,938bn), to run scared of TIPS worth \$15bn. But inflation-proofed bonds ought to fit within a coherent valuation framework taking in fixed interest bonds and equities. The relationships would reflect reasonable expectations for inflation and real dividend growth, balanced by plausible

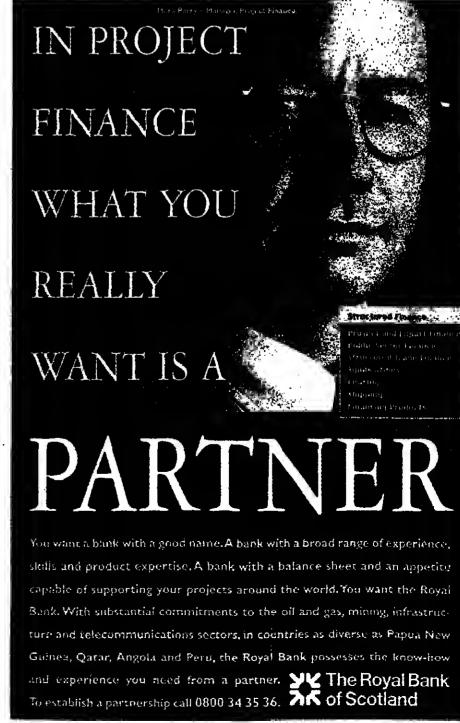
lem of reconciliation here with reversed more frequently, but valuation relationships in the UK, where index linked gilts mid-1994, in sarly 1996 and have been established since

A year ago in True, real yields are almost Historically. UK equities this column I identical in the US and UK, at have seemed undervalued has not been eroded more rap-

their needs.

Dividends face both a one-off

share prices would have to tumble to restore the real yield gap. But will they? The real yield relationships in the US provide an alternative vision



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Harcourt in \$800m

Corporation, the largest US provider of correspondence

The agreed cash offer comes a month after National

partly with the help of an agreed deal from Sylvan

merger. Shares in Harcourt, which has a range of

at \$21 a share.

Learning Systems. Sylvan, a smaller group than the

victor, is to receive \$30m to withdraw from its planned

interests from educational publishing to retailing, eased

\$1/4 to \$46%, yesterday while National Education shares rose almost 2 per cent to 20%. The deal valued the target

Harcourt intends to use its technology to offer its

Harcourt said it intended to acquire National Educations 83 per cent stake in Steck-Vaugh Publishing corporation.

a one-time charge in the fourth quarter of \$75m-\$85m for a

The company said the realignment follows completion

Semiconductor unit, which resulted in a one-time credit of

\$278m to pre-tax income. The credit represents a \$77m gain on the sala of Fairchild, plus a \$201m reversal of the

valuation allowance and other accruals in the first quarter of the current fiscal year, which ends May 25. The

company said the realignment is designed to accelerate

wafers with 0.35-micron circuit geometries, reduce costs

"This realignment is another step in the pursuit of one

world-class manufacturing company, as we transition to

highway partners, exploiting our analogue expertise as a starting point for forward integration," said Mr Kamal Aggarwal, executive vice president of National's Central Technology and Manufacturing Group.

About \$60m of the charge relates to the writedown of

certain assets in an Arlington, Texas, wafer manufacturing plant, which have become impaired as

defined by Financial Accounting Standard 121, The

remainder of the charge covers exit costs relating to

manufacturing facilities, the company said.

search for acquisitions.

chief financial officer.

Placer merges operations

Placer Dome, the Vancouver-based mining group, has

combined Its US and Canadian operations as part of a

drive to improve financial performance and step up its

The new division, to be known as Placer Dome North

America, will be headed by Mr Jay Taylor, presently chief executive of Placer's US operations. Other management

changes include the appointment of two executive vice-presidents. Mr Ian Austin, 46, currently chief financial officer, will take charge of acquisitions, planning

and communications. Placer said exploration would still be its main vehicle for adding reserves, but that "we are raising the profile of the acquisitions activity."

Mr Sandy Laird will oversee operating units in North

America, Latin America and Australasia. Mr Rex McLennan, currently treasurer, succeeds Mr Austin as

closure of five- and six-incb wafer fabs at its California

beadquarters, and smaller provisions for actions at other

provide systems on a chip solutions for our key data

Its production transition to manufacturing eight-inch

of National's three strategic initiatives to become a

Jane Martinson, New York

Reuter, California

target's services online. During last month's battle,

It made no further comment on this yesterday.

manufacturing realignment plan.

and rationalise production flows.

NSC takes one-off charge National Semiconductor Corp said Tuesday it would take

of the previously announced sale of its Fairchild

courses, for \$800m. The cash deal is the biggest yet in the

growing US market for "distance learning" and computer

fought off a \$740m bostile bid from Boston-based Harcourt

AMERICAS NEWS DIGEST

education buy

Harcourt General is to buy National Education

GM moves closer to Russian car deal

By Halg Simonian in London and Graham Bowley in Frankfurt

General Motors, the world's biggest car company, will today announce in Moscow that it has made "very significant progress" in plans to build cars with one of Russia's leading carmakers. Mr David Herman, chair-

man of Opel, the GM subsidiary spearheading the company's push into Russia and Ukraine, will release details of talks with AvtoVAZ, the company behind tha Lada brand, and the Automobile All-Russia Alliance, to build the deal said. Although the start by the end of 1998, an not far away from it," the official closely involved in official said.

in Los Angeles

ball team.

Mr Runert Murdoch world

on approval by other major-

league team owners, would

bring Mr Murdoch into step

Walt Disney and Time

By Kenneth Gooding,

Mining Correspondent

Canada's Inco, the world's

sion project at its Indonesian

assurances by Department of

Mining officials in Jakarta

that it will not suffer from

the fall-out from the Bre-X

country to tighten its mining

BRAZILIAN

PRIVATISATION

just as novel.

paint on

their work-

s h o p

machinery until the layers of

grease and soot accumulated

over decades were scraped

off last year. Elementary

safety measures, such as the

band rails surrounding raised working areas, are

"Before privatisation, this

place was a catastrophe,"

says Mr Eliezer Cesta Croce,

A 30-year concession to

operate the railway - for-

merly the eastern branch of

based in Bauru in the inte-

rior of São Paulo state - was

sold in April 1996 to a con-

sortium led by the Noel

The privatisation of the

workshop manager.

Group of the US.



David Herman: confirmed that GM was also in negotiations on Chiness deal

ice bockey, baseball and bas-

It would also give him a

international sports

sport - free of language bar-

riers - as a key driver of

This was made clear yes-terday by Mr Scott Hand, Inco president, who also

stressed that the events lead-

- including large payments

relatives and friends of Pres-

He said that he had per-sonal control of the recent

negotiations with the Indo-

extension to PT inco's con-

exception, not the rule.

Maintenance raise \$10bn this year alone.

staff at the It covers telecoms, the elec-

Novoeste trical energy sector, trans-

railway had port and mining. Analysts

never seen reckon the total value of the

high as \$60bn.

blue assets up for sale over the

next two years could be as

is hoping to achieve - apart

from the cash it will raise -

ciency in its workshops,

where the time taken to ser-

vice a locomotive has fallen

from three or four months to

less than two, Novoeste has

increased the proportion of

locomotives in use from 39

per cent to 70 per cent, while

cutting the daily average of

locomotive failures from 4.1

to 1.1 and of loaded wagons

More significant, says Mr

Glenn Michael, chief execu-

tive, has been a change of

priorities: "There was noth-

ing wrong with the previous

is evident at Novoeste. As well as boosting effi-

The effect the government

ketball franchises.

media hig-hitter, has taken a stadium site close to central swing at the US sports Los Angeles, a rich source of

industry with a record bid of merchandising prospects

more than \$350m to buy the and entertainment spin-offs.

Los Angeles Dodgers base- and reinforce his presence in

A deal, which is dependent programming.

n approval by other majorNews Corp has identified

biggest nickel producer, ing up to the Bre-X debacle

US\$580m, three-year expan- to companies controlled by

subsidiary, has been given ident Subarto - were the

affair, which has led the nesian authorities for an

with media groups such as international growth.

cars at a new factory in the project bas not yet been Valmet Automotive, the Fin- a version of the Lada north-western Karella signed, talks have proceeded lsb engineering group, Samara for European region. Production could relatively smoothly. "We are which builds the Calibra markets. coupe for Opel. Valmet also

Murdoch bids \$350m for Dodgers

Warner, which already own doch's News Corporation off- ago - may also flush out

cable sports networks, and is

the leading owner of conven-

tional TV stations in the US

His international TV inter-

The high price for the

Fox Television, Mr Mur- Baltimore Orioles four years owners.

board."

Inco reassured over Bre-X fall-out

transparent and above

inco also has an explora-

tion subsidiary in Indonesia,

Ingold. Mr Scott said: "l

would be surprised if that

was affected [by Hre-X]

because Inco has been oper-

ating in Indonesia since 1968

might even bring us bene-

fits. If it comes to a choice

between an unknown junior

tract of work, and "all the [mining company] and Inco, rill Lynch conference today,

Five of the six branches of the federal network are under private management

Brazilian railways back on track

with a current tally of 22.

The project will include which it has been preparing

shoot, has eight regional other sports team owners day expected to approve fur-

ment companies.

America and Europe, where O. J. Simpson's legal "dream next month. Britain's BSkyB is a leading team", and Mr Richard Rior "We are in

supplier of subscription dan, mayor of Los Angeles.

negotiations were proper, Inco would be the choice."

and all our people are well esia less competitive known to the government. It compared with some other

countries."

willing to sell to entertain-

Fox has prevailed over an

array of sultors including

Time Warner, Mr Robert

ests embrace Japan, Latin Shapiro, a member of Mr for approval by the league

Backed by cash reserves of

He said the Indonesian

take a free 10 per cent stake increase in global nickel

in new projects was only a demand this year, from

bly will increase the cost of increase from 951,000 tonnes

Mr Hand, in London to 30,000-40,000 tonnes in 1998.

government's intention to

renewal of a previous policy

that had affected PT Inco.

Nevertheless, "this inevita-

a project and make Indon-

address investors at a Mer-

Brazil's privatised

more than \$2hn, Mr Murdoch

Dodgers - almost double the must now win approval from night, confirming be was previous record, paid for the the other major league negotiating exclusively with

Separately, Mr Herman has links with AvtoVAZ, for confirmed yesterday that in Moscow, which will

the Chinese authorities to Valmet and AvtoVAZ, will take the pisce of Peugeot, flesb out GM's proposal to the French carmaker, in a huild 30,000-50,000 cars a joint venture in Guangzhou. year at the new plant near Peugeot has been looking to Vyborg in Karelia. The partners may also pull ont of the venture, established almost a decade give further details about ago, hecause of disappoint their longer-term plans for a

agement control. GM is believed to be in competition with a number of other car companies, including at least one from South Korea, and a decision is not expected hefore the ernised, and AvtoVAZ's end of the year. Unlike GM's products updated. \$1.5bn plan, announced last year, to build large Buick family cars in Shanghai, the Guangzhou deal would involve Opel models.

ing sales and a lack of man-

Today's press conference

ther negotiations, and

ley, bead of the family which has owned the Dodgers since

1950, a deal should be ready

"We are in the fifth month

of what we expected to be a

six-month process," Mr

O'Malley said on Monday

negotiating exclusively with

remained confident about

the nickel market. Inco is

forecasting a 7 per cent

934,000 tonnes in 1996 to

999,000 tonnes. Supply,

meanwhile, is predicted to

to 984,000 tonnes, leaving a

Inco expects this supply

deficit to rise to hetween

stock. The RFFSA reckons

the slx concessions will

require combined invest-

ment of at least \$5bn over

aiready count the sell-off as

a good deal. The RFFSA's

losses bave turned into a

income will come from asset

Once privatisation is com-

plete, the RFFSA will retain

a regulatory role and control

of assets valued at \$19bn. It

will also seek to encourage

Already Mr Michael at

Novoeste says his railway's

new competitiveness is

tearing road transport

apart". It has signed Brazil's

first ever fixed rail transport

contract with Mato Sul, a big

soya producer, to carry

between 300,000 and 800,000

bave dared to sign a contract

like that," says Mr Popoutchi. "tt bad a tiny

commercial staff with no

incentive to be creative, and

"The RFFSA would never

tons of graio a year.

greater competitiveness.

their 30 year terms.

Commodities, Page 24

deficit of 15,000 tonnes.

according to Mr Peter O'Mal-

GM was in negotiations with include representatives from

more ambitious link based at AvtoVAZ's vast Togliattigrad plant, south-east of Moscow, The former showcase plant, huilt with technical belp from Fiat of Italy in the 1960s, needs to be mod-

GM officials have regarded progress on the Vyborg project as an acid test of whether they could take on the much tougher task of working with AvtoVAZ at Togliattigrad.

Panamco acquires

in Maxico City and

Latin America's "cola wars" coming together in a \$1.1bn

Aided by a transfer of bottler Coca-Cola y Hit.

importance of "anchor bot-tlers" within the Coca-Cola

network. The Venezueian company stunned its former partner PepsiCo last August by abruptly switching to Coke. Its founders, the Cisneros family, will now take a 10.3 per cent stake in Panamco. Coca-Cola, which had pur-chased 50 per cent of Coca-Cola y Hit when the Venezuelan company made its switch, increases its stake in Panamco from 13 per cent to

becomes the 100 per cent owner of Coca-Cola y Hit. The Venezuelan company's

Mr Sánchez-Loaeza, Panguaranteed annual income of \$150m as the new operators pay for their concessions over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. More with Panamco's existing over the next 30 years. Colombian operations.

> that one of their main aims in joining Coca-Cola in the first place bad been to expand regionally.

Venezuela

sbares by Coca-Cola, Pan-American Beverages (Pan-amco), of Mexico, bas taken control of the Venezuelan

The transaction means tbat Panamco, wbicb already bas operations in Brazil, Colombia and Costa Rica, becomes Coca-Cola's biggest bottler ontside the US. It indicates the growing

abont 25 per cent.

While Coca Cola y Hit's cola market share of 80 per cent might prove vuinerable to a renewed offensive by PepsiCo, Mr Oswaldo Cisneros, chief executive of Coca Cola y Hit, said that balf the company's sales came from other flavours, where it had an even stronger position. "It will take time [for

American standards, at abont \$350 to \$360 per unit

The Cisneros brothers said

bottler

Raymond Colitt in Caracas

have reopened, with two of Coca-Cola's main bottlers acquisition in which Coca-Cola itself had an important

Panamco, for its part. annual volume of 200m unit cases pushes its sales up to more than 1bn unit cases a Cifra plays The government can cases pushes its sales up to

> PepsiCo] to build np a drinks company," he added.
> The deal is believed to be relatively straightforward. There are some remaining disputes with PepsiCo as a resolt of the Cisneros group's defection, but they are not much more than background noise," said Mr Scott Wilkins, analyst with Deutsche Morgan Grenfell in Mexico City. "The valuation is pretty fair by Latin

of takeover

By Daniel Dombey In Mexico City

Cifra, Mexico's biggest retail group, said yesterday its talks with Wal-Mart, of the US, were aimed at merging the two companies rather than at the acquisition of Cifra by its US partner.

The two companies, which have a joint venture dating back to 1991, announced last month they were in discussions about Wal-Mart taking a direct equity stake in

However, Mr Henry Davis, Cifra chief executive, denied that the group's owners were about to sell their entire stake to Wal-Mart.

"I do not see why [they should sell]," be said. "Our sbares are undervalued. They are valued at half what they were in 1993 [in dollar terms), but we have increased our capacity by 60

However, he said that the talks were likely to bear fruit. "I hope it will be a question of weeks or months rather than years," he said. "The discussions generally are about merging tha companies.

Bernard Simon, Toronto

Wal-Mart's continued interest in Cifra contrasts with the attitude of other US retailers. In recent weeks both K-Mart and Sears have pulled out of Mexico. Tha country's retail sector remains depressed.

Mr Davis ramained guarded about middle-term prospects: "We are increasing the number of stores. But I do not see any particularly dramatic growth happening this year. Purchasing power is still sluggish."

He said that growth was skewed towards the north of the country and that most of the company's new investment was in Wal-Mart super-



RFFSA, the federal network, awaiting movement from 436

railways is a central part of management, but their con-

a big, two-year privatisation cern was simply with run-

to 37.

SUSPENSION OF LISTING AND PROPOSED WINDING-UP OF THE COMPANY

ing to cash companies and upon request by the Company, the Company's listing on the ISE and the London Stock Exchange will be suspended with effect from the close of business on

pareholders were notified in the 1996 annual financial statements that the dispute in respect of the ensioners' Medical Aid contributions was referred to the High Court of South Africa (Wirwatersrand Local Division) ("the High Court") in August 1996 by way of an application for a Declaratory Order. The amount in dispute was actuarially estimated at approximately R35 million. Shareholders were further notified on 31 January 1997 that the application for a Declaratory Order was dismissed with costs by the High Court and that a counter application for the payment of RI 696 174 had succeeded Shareholders were notified on 13 February 1997 that, on the advice of legal counsel, a decision had been made to apply for leave to appeal against the judgement handed down in the High Court The application for leave to appeal is still to be heard.

Pending the outcome of the appeal, the Company intends to place approximately R39 million, to cover the cost of the Pensioners' Medical Aid contributions, the counter claim, legal and administrative costs in an appropriate Trust specially created for the purpose of discharging the habilities which will become payable if the appeal does not succeed.

in view of the proposed winding-up of the Company, shareholders are advised that should the appeal be successful, the amount held by the Trust, after paying legal and administrative costs, will be distributed to shareholders registered as such on a record date to be approved at a general meeting of shareholders to be called to consider the proposal to wind-up the Company The record date will be announced in the ess thereafter. Shareholders are advised that there may be a delay of as much as two years before the Supreme Court of Appeal hands down a final judgement.

Proposed winding-up of the Company

Shareholders are referred to the amnouncement published on 25 April 1997, in which it was stated that the directors of the Company intended to proceed with the winding-up of the Company as referred to in the circular to shareholders dated 18 September 1996 and in the Company's 1996 annual report. A circular to shareholders and a notice convening a general meeting of shareholders for the purpose of approving the winding-up of the Company are in the course of preparation and subject to the approval



competing for business with other transporters."

There is a tremendous market ready to be attacked. Despite Brazil's enormous push by the Brazilian gov- ning a railroad. Nowadays Size, some 56 per cent of ernment, which aims to this is a transport company, freight, including bulk car-

THE RESERVE THE PROPERTY OF THE PROPERTY OF THE PARTY OF THE PROPERTY OF THE PARTY OF THE PARTY

goes such as soya, is carried by truck. In the US, where cargoes and distances are similar but highways and trucks far superior, the figure is 28 per cent.

> Five branches of the federal network are now under private management: the sixth and final concession is due to be sold in July. Mr Isaac Popoutchi, presi-

freight carried by the network before privatisation to rise to between 15 and 18 per cent in the next six years.

The RFFSA was created nationalised in 1957. It then employed 150,000 people, and became a source of political patronage - "overbearing, oss-making and bard to control," says Mr Popoutchi. Its capacity will have grown Staff numbers fell to about 45,000 in 1995 but the network still lost \$300m a year.

further 20,000 jobs were cut last year under a \$200m R\$60m, and be ready to comredundancy programme pete in the fastest growing combining generous pay-offs with retraining schemes. As arge mining company.

More cuts have followed under the private sector and the network is heading towards the 15,000 staff Mr Popoutchi says are needed. This is the second nrticle in a Further efficiency gains series on Brazilian privatisawill come from improve- tion. The first appeared on ments in track and rolling April 29

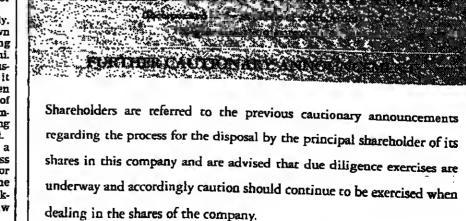
it lacked the physical capacity to guarantee supply." Mr Popoutchi says the dent of the RFFSA, expects RFFSA has drawn on the the 9 per cent of Brazil's short experience of the private sector in preparing the

last concession, in the oorth east, for sale. This is the most decrepit section of all, reflected by its minimum wben Brazil's railways were price of just R\$11.5m (10.8m) - the Novoeste concession was sold for R\$62.3m and the biggest, in the south, for R\$898.9m But by the auction in July.

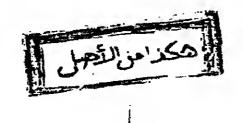
> enough to meet existing demand, says Mr Popoutchi. When management is transferred in November, it should be breaking even after losses last year of regional economy in Brazil. "Cargo transport is a

a result, there has been little highly competitive business unrest and rail privatisation and there is no reason for bas escaped the fierce oppo- the state to be involved," he sition that delayed last says - a sentiment unthinkweek's sale of CVRD, the able in Brazil just a few years ago.

Jonathan Wheatley



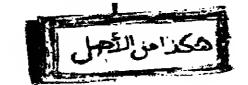
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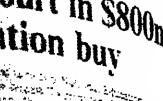
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marger operations

fra plays takeover



HK Telecom seeks Singapore licence y . 🛊 Hongkong Telecom and its from April 2000. parent, Cable and Wireless. the UK's second-largest tele-

pore's second national telecommunications licence. in conjunction with The Keppel Group, the Singapore-based industrial conglomerate, and Singapore market where we have

By Michlyo Nakamoto

ANA Real Estate.

Press Holdings, the two com- quickly become established licences to a maximum of said yesterday that the The future of Hongkong panies are bidding for a through M1". fixed-wire licence to operate

A consortium with the same partners, called Mobicommunications group, have leOne (M1), launched Singajoined the battle for Singapore's second mobile network last month. Mr Richard Brown, C&W chief executive, said yesterday a fixed wire licence "would enable us to dig our roots deeper in a

mobile subscribers.

munications authority said per cent by Singaporean

fourth largest in the world,

international marketing.

rose 9.4 per cent to Y19.2bn.

11 per cent of total sales.

Last year Shiseido launched

2.7 per cent, reflecting inten-

sifying price competition in Japan, particularly in

For the current year, Shis-

eido expects overseas sales

to jump 33 per cent and

domestic sales to edge up 4

per cent, lifting the group's

overseas sales ratio to 14 per

year, adding Brazil, Turkey,

Israel, Cyprus and the Czech

Republic, to bring the total

number of countries covered

per cent of the total.

toiletries

two operators, to compete shareholding structure of Telecom has been a source "The combination of with Singapore Telecommu the new joint venture was of intense interest over the C&W's worldwide experi- nications. Two months ago a still being finalised. ence, Hongkong Telecom'a consortium including British

Keppel and SPH makes us a operator, became the first to telecommunications and arm of the Chinese state powerful contender," he enter the bidding. Applica- engineering. added. M1 already has 40,000 tions must be in by May 31. The bidding consortia The Singaporean telecom- must be owned at least 51

The Keppel Group is regional experience and the Telecommunications and involved in shipbuilding and by Citic Pacific to China local market knowledge of NTT the largest Japanese repair, property, banking, Everbright, the investment

SPH is a large publisher in the region with intensive newspaper interests, including the English-language

Low paper prices hurt Carter Holt past few days following the

sale of a minority stake held

There has been speculation that C&W might be forced to yield ownership of Hongkong Telecom to Chi-

had faced extremely weak markets. A 43 per cent drop in wood pulp prices over the year had contrasted with modest growth in sales volumes. Terry Hall, Wellington

poor pulp prices.

Phone groups resist price cuts Thai Telephone & Telecommunications, Thailand's private provincial telephone operator, has refused to cut its trunk-call charges, as requested by the state telephone authority, claiming it would be technically bankrupted if it were to do so. TelecomAsia, the fixed-line operator in Bangkok, also refused to trim prices for long-distance

ASIA-PACIFIC NEWS DIGEST

Carter Holt Harvey, the New Zealand forestry group,

blamed cyclical price lows in wood products, pulp, paper

(US\$175m) last year. The profit was in line with analysts'

expectations. Mr John Faraci, chief executive, said that

Chile, fell from NZ\$126m to NZ\$75m, mainly because of

Mr Faraci said forestry and wood products businesses

locking in efficiency gains and cutting costs.

the company had offset some NZ\$246m in price erosion by

Earnings from associated companies, primarily Copec of

and tissue for a 45 per cent fall in earnings to NZ\$251m

TT&T could lose money this year, compared with a profit of Bt424m (\$16.4m) last year, while TelecomAsia is expected to report a loss of Bt417m. TT&T said that after four years of operating fixed lines it had yet to break even and had been forced to borrow money from shareholders and take on syndicated loans.

TT&T is required to give 43.1 per cent of its revenue to the government while TelecomAsia has to give up 16 per cent. Both groups claim that contracts with their lenders prevent them from accepting big tariff changes, which the government is trying to impose.

William Barnes, Bangkok

Swire acquires Volvo rights

Swire Pacific, the Hong Kong conglomerate, is acquiring the rights to distribute Volvo cars in the territory and in south and central China, from Jebsen & Co, a Hong Kong trading house. The deal marks Swire's entry into car distribution in Hong Kong. It has distributed Volvos in Taiwan since 1977 and in northern and eastern China

Yesterday's announcement, which comes before a range of new Volvo models is launched in Hong Kong in the coming months, also reflects Swire's strategy of gradually building its operations on the mainland. It already holds dealerships for other products, including Reebok sportswear, and has several large industrial joint ventures, including bottling plants and breweries. John Ridding, Hong Kong

NWI raises HK\$2.04bn

New World Infrastructure, the separately-listed arm of New World Development, the Hong Kong property developer, yesterday raised HK\$2.04bn (US\$263m) through a share placement. According to Crédit Lyonnais Securities Asia, lead manager, the issue was "several times" oversubscribed and saw strong demand from New

York and London institutions, as well as local buyers. The funds are to be used as working capital, and will support New World Infrastructure's growing pipeline of projects in China. These include toll roads, bridges and Louise Lucas, Hong Kong

last year it would grant companies. The partners Straits Times. ANA president to Overseas growth lifts Shiseido

COMPANIES AND FINANCE: ASIA-PACIFIC

quit this summer By Gwen Robinson in Tokyo

asa, honorary chairman, and ANA, the Japanese airline, Mr Takaya Sugiura, chair-announced that Mr Seiji man. Fukatsu, president, would Mr Fukatsu has been resign in the summer and be ANA'a most outspoken proreplaced by Mr Kenzo Yoshiponent of globalisation and kawa, currently president of had set a target for the company to increase revenues from international business The sudden departure of

the ANA management - in particular, Mr Tokuji Wak-

Mr Fukatsu, who had navi- from 30 per cent currently to gated Japan's second-largest 50 per cent. airline through deregulation, The 64-year-old president has shocked the industry, was also known for his which had expected him to views on deregulation. He run for a third term. accepted the idea of "open Reports suggested Mr skies", which the US has Fukatsu'a resignation was been seeking to achieve in the result of an internal its bilateral aviation accord

Acquisition boosts St George Bank

coup by elder members of with Japan.

By Nikki Tait in Sydney

St George Bank, the Australian regional bank St George said that as a perwhich earlier this year centage of average assets. acquired Advance Bank in a the charge fell slightly, from A\$2.7bn (US\$2.1bn) deal, yes- 0.17 per cent a year ago to terday announced an after- 0.14 per cent.

year ago. The bank, now Australia's fifth largest, said the result that the increasingly comincluded two months' contri- petitive retail banking marbution from Advance of ket in Australia was largely A\$19.1m. The profit was responsible. scored after minorities and the dividend on its converting preference shares. "It also came after at 19.6 home loans market. - total overseas sales. the second secon

per cent increase in the charge for bad and doubtful debts, to A\$18.9m, However,

tax profit of A\$83.7m for the . During the half-year, the six months to end-March, enlarged bank's net interest compared with A\$74.5m a margin also fell, from 3.47 per cent to 3.16 per cent.

The bank acknowledged

Banks have been facing pressure from non-bank lenders in the lucrative account for 40 per cent of



Shiseldo expanded its Global reach: Japanese cosmetics group's overseas sales network now covers 48 countries overseas sales networks last

US, China, Tajwan and New Zealand.

China showed the fastest The company last month announced the acquisition of growth, almost doubling ales in the year and reinforfactories in the US, which it cing Shiseido's plan to said would belp boost North American output 120 per expand Asian sales to

cent by 2000. Y43bn on net sales of est level reached last year. Sbiseido bought Helene

Shisetdo also raised over- Curtis's professional prod- Y630hm, up 7 per cent. Profit seas production at some of ucts business in the US and after tax is projected to rise its factories in France, the Canada last November. Last 9.6 per cent to Y21bn. month it acquired one of two Helene Curtis units in

> in Japan and abroad. This year it expects con-

The company plans to maintain an annual dividend Japan, and bas signalled of Y12.5 a share. interest in other acquisitions

Shiseido shares rose Y30 to Y1,770, up from Y1,300 at the eod of the interim reporting sobdated recurring profit to period last September and increase 4.9 per cent to well above Y1,450, the high-

The Togolese Republic



Restricted public tender for the sale of a 38% stake in Office Togolais des Phosphates (OTP) to a strategic investor

The Government of the Togolese Republic, as part of its ougoing privatization program. bereby announces a public tender open to prequalified strategic investors willing to acquire a 38% share in the capital of OTP. The phosphate rock industry bas been a key sector for the Togolese economy and in 1996, OTP accounted for 40% of total Togolese exports. OTP is the world's fifth largest exporter of calcium phosphates with exports totalling more than 2,7 million tons in 1996. The high quality ore (78% BPL) is extracted from two open-cast quarries located approximately 30 km inland from the treatment plant and export port of KPEME.

The Government of the Togolese Republic has appointed **PARIBAS** as its exclusive financial adviser in all aspects of the transaction; this project is supported by the **World Bank**. In order to participate in the public tender, prospective strategic investors need to be prequalified and should

contact the Ministère des Sociétés d'Etat et du Développement de la Zone Franche in Togo or PARIBAS to obtain the prequalification documents. Required prequalification information should be filed with the Ministry no later than June 30th 1997.

For further information, please contact at your earliest convenience:

Ministère des Sociétés d'Etat et du Développement de la Zone Francke

Président de la Commission de privatisation Tél: 228-212144. Fax: 228-214305

M. DJATO-BOUGONOU Directeur du Portefeuille Tél: 228-222284. Fax: 228-225779 Avenue Nicolas Grunitzky B.P. 2748 Lomé - Togo

1 PARIBAS

Jean-Michel DOUBLET Responsable Cellule Marchés Emergents Tél: 33-1-42-98-14-87 Valérie CLAR Tél: 33-1-42-98-18-51 PARIBAS 4, rue d'Antin 75002 Paris - France Fax: 33-1-42-98-11-94

FIDELITY FRONTIER FUND Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile R.P. 2174, L-1021 Luxembourg R.C. Luxembourg B 20 494 NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Frontier Fund Sicav (the "Company") will be held at the registered office of the Company in Luxembourg on May 23, 1997 at 11.15 a.m. to consider the following agenda:

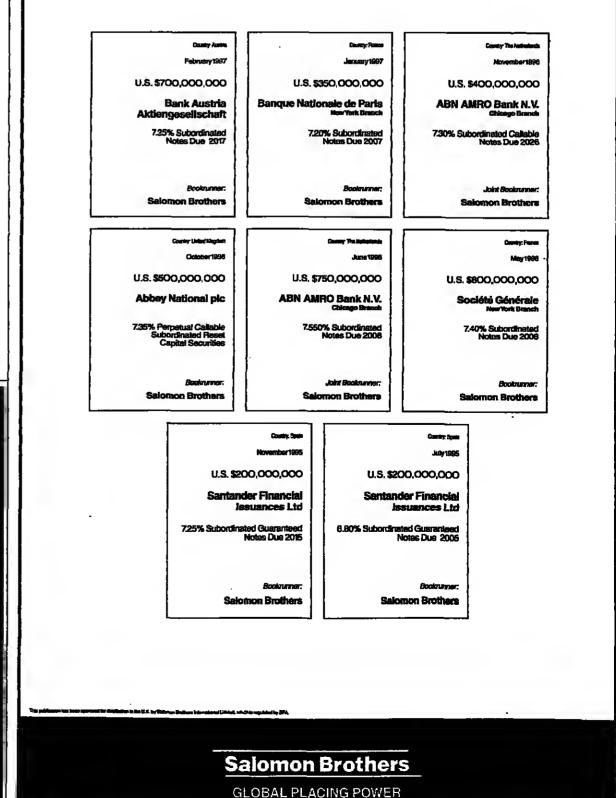
- To hear the report of the auditor to the liquidation.
- To near the report of the auditor so the inquidation.
 To approve the report of the liquidator and to the auditor to the liquidation.
 To grant discharge to the liquidator and to the auditor to the liquidation.
 To grant discharge to the Directors in office at the date of liquidation.
- 5. To resolve the close of the liquidation of the Company. 5. To resolve to keep the records and books of the Company for a time of 5 years at the
- registered office of the Company.

 7. To note that proceeds which have not been distributed will be transferred to the Caisse des Consignations to be held for the benefit of the persons entitled thereto.
- If you are not able to attend the above Extraordinary General Meeting, you are urged to execute and return a proxy to the registered office of the Fund prior to the date of the meeting. Proxies can be obtained from the registered office of the Fund.





To Advertise



The Leader in Bank Yankees.

Telecoms alliance seeks new partner Agnellis

in London and Raiph Atkins

Five international tele- one of its partners, is part of communications operators the manoeuvring for posihave been invited to bid to tion in the German market replace Cable and Wireless in the German telecommunications alliance abandoned by the UK-based carrier in February.

They are NTT, the largest Japanese operator; Stet, the Italian national carrier: Bell-South and SBC Communica- cent and 37.5 per cent, tions, the US regional Bell respectively. operating companies; and

The replacement of C&W. and the earlier loss by British Telecommunications of ahead of liberalisation in

On offer is a 32.5 per cent participation in o.tel.o, the new telecommunications operation in which Veba and RWE, the two German utilities, have stakes of 40 per

C&W, having re-examined

continental Europe, agreed o.tel.o stake to Veba for cent stake in E-Plus, one of other two US carriers. DM2.21bn (\$1.3bn).

The winning btdder is services in Germany. expected to pay a similar price, adjusted for Vaha's DM480m acquisition of Urbana, the German cable television network.

compete with Deutsche Telekom, the national carrier. and take over 10 per cent of the DM80bn German talecoms market.

The business, as well as a deal by the end of the year.

the cost of its expansion in having rights of way along He confirmed talks were continental Europe, agreed Veba and RWE power lines under way with BellSouth, a in February to sell back its to lay cables, has a 30.1 per partner in E-Plus, and the

the leading digital wireless The successful biddsr would provide telecoms expertise as well as invest-German utilities, which are ment. However, none of the being advised by Lehman five would bring to o.tel.o Brothers, the US investment a link with one of the global bank, sent out a document alliances which increasingly The otel o group aims to to potential bidders last dominata international week outlining the state of traffic

All three global alliances -Concert, AT&T Unisource and GlobalOne - are already chairman, said he hoped for linked with other German

BT-MCI

go-ahead

link set for

The European Commission

Telecommunications and

telecoms group, after impos-ing two substantial condi-

tions, writes Emma Tucker

The competition authori-

ties in Brussels were wor-

ried that the deal as it stood

would have created a domi-

nant position in the UK

audio and video conferenc-

ing market, as well as rein-

forcing the strength of the

transatiantic telephone

transatiantic submarine

cables at reasonable prices

to ensure that it does not

It will also have to divest

MCI's aodioconferencing

business in the UK.

in Brussels.

reduce stake in Unicem

By Paul Betts in Milan

The Agnelli family Ifil and If holding companies yesterday announced a further restructuring of their industrial investment portfolio with the sale of an initial 20.5 per cent stake, and options, worth about L380hn (\$225m) in Unicem, Italy's second largest cement group, to the family-run Fratelli Buzzi cement com-

The latest deal comes barely a week after Ifil forged a long-term alliance between Rinascente, the Italian retailer it controls, and the privately-owned Anchan supermarket group of France.

will today clear the \$20hn merger hetween British Both deals reflect the strategy of the Agnelli bold-ings to develop alliances to MCI, the US long-distance strengthen the activities of their diverse investments. while raising cash and bedging portfolio risks.

Ifil and Ifi own 50.3 per cent of Unicem, which after extensive restructuring is now profitable with net earnings of L37.8bn on sales of L873.3bn last year. Ifil yesterday agreed to

companies in the market for sell to Fratelli Buzzi, a cement producer with net profits of L50.5hn on sales of BT will have to guarantee L485.8bn. en initial stake of access for competitors to tis 20.5 per cent in Unicem at a price of L18,800 a share - a 50 per cent premium on Unicem's closing share price on Monday of L12,460. Unicem shares were suspended yesterday abead of the announcement

> Fratelli Buzzi will also have the option of acquiring additional Ifil shares in Unicem for the same price to increase its stake to 27.6 per

It also acquired a further option to buy Unicem convertible bonds held by Ifil which, if cooverted, would further increase Fratelli Buzzi's stake in Unicem.

Ifil said the sale of the initial 20.5 per cent stake would raise L245bp, while tha options on the convertfble bonds would bring in an additional LI35bn for an overall total of L880bn. Should Fratell Buzzi exercise further options to scquire Ifil's remaining stake by 2004, the Agnelli holding would raise a further L320bn.

Under Italian takeover regulations, Fratelli Buzzi will be required to make a public offer because of change in the control of Uni-

Last week, Ifil's retailing alliance with Anchan and its Rinsscente subsidiary provoked a storm among Rinascente's minority sharebolders because it was so structured that it did not require a poblic

Ifil said yesterday that Unicem and Fratelli Buzzi bsd complementary activities in Italy and the US. The agreement also reflected the trend of consolidation in the industry.

A oew three-year restructuring plan is also about to be laonched at Galbani, the Italian foods group producer of "Bel Paese" cheese cootrolled by Danone of France and in which Ifil has a 10 per cent stake.

EUROPEAN NEWS DIGEST

Southern group to buy Bewag stake

A group led by Southern Company of the US is to buy a majority stake in Bewag, the Berlin electricity utility, making Southern the first foreign company to take a controlling share in a German utility. The city of Berlin announced yesterday it had agreed to sell for DM3.19bn (\$1.87bn) its 50.8 per cent stake in Bewag to the consortium which includes Southern as well as the German industrial groups Veba and Vlag. The deal, which is subject to approval by European

Union cartel authorities, means the consortium will control about three-quarters of the utility's shares. Each of the three companies will hold a quarter stake in the utility but Southern will take management control. The remaining portion of the shares will remain publicly owned. Mr A. W. Dahlberg, Sonthern Company chairman, said. "This is by far the most significant investment undertaken by an American company in continental Europe's electric utility industry." Southern bought SWEB, the UK electricity utility in 1995, but the deal with Bewag marks its first push into the continental European

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MIRACTS & TENDERS

An analyst at UBS in New York said: "This is part of Southern's strategy of taking the cash they are generating in the US and trying to build up regional businesses in areas that have the potential for higher growth than in the US." Mr Barney Rush, a corporate officer of Southern Company responsible for European development, said: This is the right way for an American company to enter into continental Europe and to be able to seize the growth opportunities in Europe that will be very much like those we are seeing in the US at present."

The deal ends a period of speculation about potential buyers of Bewag after the Berlin authorities came under pressure to sell its share in the ntility to ease their financial problems. But analysts said the city could have got more for its stake if it had not been under such pressure to sell quickly. "The authorities were trapped petween a lack of bidders and a financial emergency." said Mr Joeri Sels, analyst at WestLB Research in Germany. He said the sale could have raised as much as DM3.5bn.

Ms Annette Fugmann-Heesing, Berlin's finance minister, said the three companies pledged to hold their 50.8 per cent stake for a minimum of 20 years. She said she expected a favourable ruling from the European Union cartel authorities.

Southern Company will be able to appoint four of the 10 non-union seats on the company's hoard, Mr Rush said. Veba and Viag already held 10 per cent stakes in the Graham Bowley, Frankfurt

Paribas in control at Bancaire

Paribas, the French financial group, said yesterday it had acquired more than 50 per cent cootrol over Compagnie Bancaire, its specialist financial services subsidiary. It said it had increased its stake from 47 per cent over the last few weeks, and now held 50.28 per cent of the shares and 50.01 per cent of the voting rights in the company.

Paribas stressed that it had no intention of increasing its shareholding further, and that its action had been designed to consolidate its hold over Bancaire. It said that Bancaire was an integral part of its strategy, as the centrepiece of its specialist financial services activities. The Paribas group's other core business is international investment banking.

Paribas became the leading shareholder of Compagnie Bancaire in 1979, and has forged a number of commercial alliances with its subsidiaries, including Cardif, the life insurance arm, and Cortal, its savings business. Compagnie Bancaire, which also provides direct banking, property investment and consumer credit services, reported an exceptional loss of FFr1.2bn (\$209m) for 1996 after taking FFr25bn in provisions, compared with profits of FFr602m in 1995. Apart from Paribas, the French state-controlled institution Caisse des Dépôts et Consignations owned 4.6 per cent when figures were last released for the end of 1996, with GPA-Vie holding 0.92 per

Mannesmann, Telekom in deal

cent and other companies and mutual funds between

them 42.7 per ceot.

Deutsche Telekom and one of its new competitors. Mannesmann, the industrial conglomerate which is building its own telecommunications business, have announced plans to co-operate in providing information to new-generation "intelligent" car navigation systems. A jointly-owned company DDG, based in Düssedorf, will supply information on traffic conditions for use by subsidiaries of the two companies set up to offer the new service, T-Traffic and Mannesmann Autocom. Although Mannesmann has sought to present itself as one of the main challengers to Deutsche Telekom - a process expected to be accelerated when the German market is fully liberalised in January · yesterday's deal will allow the development of common standards for traffic informatioo systems.

Mannesmann and Deutsche Telekom said, bowever, that co-operation would be limited to the collation of information. Autocom and T-Traffic - part of Deutsche Telekom's mobile telephone operations - will remain rival service providers. T-Trafic said its systems was expected to be available later this year

Ralph Atkins, Bonn

Andrew Jack, Paris

Bidders for Retevisión line up

By Tom Burns in Madrid

Deutsche Telekom and AT&T, the largest US telecoms operator, have stayed out of the battle to acquire Retevision, the second telecoms operator in the attractive Spanish market.

company yesterday signalled ish and Swiss operators that it may re-enter the market if has a strategic agreement its allies in the Global One with AT&T - and its inforgroup win.

"We took a decision concerning a bid at the end of last week, to the effect that on its own. our French colleagues [France Telecom] will take national tte-ups. It will the lead while we will keep an option. We have decided to stand back," Mr Ron Sommer, Deutsche Telekom chiel executive, said yesterday.

Retevisioo said three groups had submitted bank in Spain, and hy a clutch of guarantees for Pta1bn regional savings banks. (\$6.9m) to secure bids for the operator by June 9.

A consortium called Opera is led by Banco Central Hispano, the big domestic bank-

the Deutsche Telekom'e Global One partners France Telecom and Sprint, of the

AT&T has surprised some observers by not accompany. ing Germany's Mannesmann in a joint bid. In spite of its links with Unisource - the However, the German alliance of the Dutch, Swedmal ties with Stet, tha Italian telecoms company, Mannesmann will present a bid

Stet has also avoided interjointly lead a bid with Endesa, the Spanish government-controlled power group, which is backed by Union Fenosa, the thirdranked electricity geogrator

The final line-up for Spain's second operator reflects the fluid atate of allegiances in the telecoms sector since Telefónica, the ing group, and is backed by big national operator against London.



Ron Sommer: Deutsche Telekom keeping options open

which Retevision will comjoined the Concert alliance of British Telecommunications and MCL of the US.

opportunity to reappraise their positions in Europe," said Mr Bill Coleman, telecommunications analyst at HSBC-James Capel

Analysts view the Opera pete, severed its links with consortium as the front-Unisource last month and runner because it has a high international profile.

It is understood that the

o.tel.o's build-out and

Mr Ulrich Hartmann, Veba

finances.

Deutsche Telekom is believed to have opted out of The Retevision licence the bidding process at the givea the companies an last minute because of balance sheet contraints, but it is expected be present in the have a monopoly on the Spanish market, should route. Opera acquire Retevision, through its Global One part-

MARKET STUDY OF SYSTEMS AND TOLL EQUIPMENT SUPPLIERS

invitation to the analysis of enterprises interested in participating on international bidding for aupply, installation and starting the new toll system of Carminos y Puentes Federales de Ingresos y Servicios Consoss (Capufe)

Caminos y Puentes Federales de Ingresos y Servicios Conexos, Descentralizated Public Authority of Federal Government of Mexico, operator of the most important toll highways and bridges, will renew the register and recovery infrastructure, including:

a) Modify the facilities of traffic and toll managing.

From 12 to 15 months

SECTOR

COMUNICACIONES

Y TRANSPORTES

b) Design and installation of an informatic system to manage the traffic and toil data

The renovation process is expected, to be completed in a 35 month period, Renovation comprises 54 toll plazas with 310 toll monodirectional lanes and 24 bidirectional lanes. Of them, 128 lanes will be equippated with radiofrequency toil equipment. The execution will be divided in two stages.

Develop of the new toll system and validation of a pilot project with 4 toll plazas with 61 monodirectional lanes and a bidirectional

first stage:

First stage:

one, 28 of them will have radiofrequency toll equipment. Rest of

Renovation of 30 toll plazas

Second stage: 9 months Renovation of the rest of the toll plazas.

12 months

Important Note: The whole completion of the first stage will be subject to the proper performance of the systems and equipment installed in the pilot project, in accordance with fixed conditions on the bidding technical bases. Otherwise, the contract will be rescinded. For the second stage Capufe will have the right to continue or finish the renovation of the toll plazas

For these purposes, Capufe will organize an international bidding procedure with the participation of specialized companies. Remark: Renovation will be handled as a "Turn key project" (including civil works, equipment and electric requirements) in order to conform a catalog of possible suppliers, the panies interested to participate in this evaluation must send us the following information in Spanish or English.

Technical experience in:

A. Design, construction and / or integration of toil equipment for entrance lanes, exit lanes and radiofrequency toil equipment.

B. Conception and implementation of studies related to informatic toil systems.

Design, development, installation, integration, testing of software in real time for toll lanes informatic systems, toll plaza systems and general C. toll operation systems.

Informatic systems and informatic platform in hardware and software

Utilization of magnetic bands and hiperfrequency (Automatic Vehicles identification). Installation on sites, within the toll plazas, of the equipment and systems of toll control.

Delivery and installation of toll booths.

Design and supply of electric installation, as well as the installation of local computer nets.

interested companies should declare their conformity to:

Carry out test to the equipment in: factory, laboratory that will be determine by Capufe and the sites where they will installed. Training of personnel on the operation and maintenance of the equipment.

Transferring know-how and technologies. Post-installation technical support, as well as preventive and corrective maintenance of the supplied equipment.

M. Legal and administrative information: A. Firm Name

Main office address В.

Annual Memory and commercial covering at international level. Name of the Corporative Group.

Dates of constitution of Corporative Group and the affiliated companies Status in Mexico, otherwise, availability to establish a representation in this country.

G. Structure of your work team and background of the possible leader of the project.

IV. Commercial Information:

A. Sites where the specific studies will be develop and programs of computation that would respond to the technical bases established by

Catalogs or pamphlets of the products and / or services offered. Contractual references applied in Mexico and in other countries.

List of clients who are operating your systems.

Name of possible associates to conform a managerial cartel for this project.

in the cases of conforming a commercial cartel to satisfy the requirements of Capufe, it is necessary to give financial, technical administrative, legal and commercial information of each one of the companies that will integrate the cartel. Carninos y Puentes Federate de Ingresos y Servicios Conexos

Please send your information before May 30, 1997 to:

reserves the rights to verify the information supply.

Caminos y Puentes Federales de Ingresos y Servicios Conexos Attn.: Lic Antonio Gazol Sanchez, Director General Adjunto Calzada de los Reyes No. 24 Col. Tetela del Monte C.P. 62130 Cuarnavaca, Motelos, Mexico Tel: (5273) 29-21-09 or (5273) 29-21-10 Fax: (5273) 29-21-98 E-Mail: peale@CAPUFE.gob.mx

If you require additional information on the commercial activity of Capufe, please send your questions to the above mentioned E-mail.

Cuernavaca, Mor. April 25, 1997

ICI Limited



incorporated in the Republic of South Afri ("JCI" or "the Company")

RESULTS OF ELECTION TO RECEIVE AN INTERIM DIVIDEND INSTEAD OF THE CAPITALISATION AWARD AND AN ELECTION TO SUBSCRIBE FOR NEW SHARES

The right of election to receive an interim dividend instead of an award of capitalisation shares. ("the Capitalisation Award") and the right of election by those shareholders electing the dividend to apply the dividend in subscribing for new JCI shares ("the Subscription") made to ordinary shareholders registered at the close of business on Friday, 4 April 1997 ("the record date"), closed at 16h00 on Friday, 9 May 1997. The weighted average traded price of JCI ordinary shares on the Johannesburg Stock Exchange on Thursday, 8 May 1997 was R42,07829. Accordingly, the award of capitalisation shares and the subscription for new shares was determined as a rano of 0,64166 new shares for each 100 shares held on the record date.

Elections to receive the interim dividend of 25 cents per share in respect of the six months ended 31 December 1996 instead of the Capitalisation Award were received in respect of 103 879 545 shares. Accordingly, an interim dividend of 25 cents per share was declared on 13 May 1997 00 103 879 545 ordinary shares in respect of the six months ended 31 December 1996. Elections to apply this dividend in subscribing for new shares in JCI were received in respect of 73 935 173 of these shares. An amount of R18 483 793 was therefore spplied in terms of the Subscription. Accordingly, 787 751 new fully paid JCI ordinary sbares of 0.000671579 cents each have been allotted in terms of the Capitalisation Award and the Subscription and the issued share capital of JCI has been increased to 153 574 162 ordinary shares.

The listing of 787 751 new ordinary shares in JCI will commence on the Johannesburg Stock Exchange from the commeocement of business on Wednesday, 14 May 1997.

Cheques in respect of the interim dividend and shares sold for the benefit of shareholders, as well as share certificates, will be posted to sharebolders on or about Wednesday, 14 May 1997.

Johannesburg I4 May 1997



FINANCIAL TIMES WEDNESDAY MAY 14 1997

COMPANIES AND FINANCE: EUROPE

Row over Thomson heats up

By David Owen in Paris and that was beyond its means. Graham Bowley in Frankfurt

NES DOES

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common at Bancaire

412. Post Loan in deal

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went on the offensive in the battle for Thomson-CSF, the French state-controlled electronics giant. The telecoms and angineering group warned that a competing bid from Lagardère, the French conglomerate, would lead to

chairman, said Lagardère it would cede majority control to finance an operation

His comments came as Mr Yves Michot, chairman of Alcatel Alsthom yesterday Aerospatiale, the French

state-owned aircraft and defence company, hit out at Garmany's Daimler-Benz Aerospace (Dasa) for teaming up with Lagardère before the winner of Thomson was

in a strongly worded interthe break-up of Thomson. view, Mr Michot told Les As the temperature Echos, the French financial mounted in exchanges over daily, that it would have whose fate is seen as vital to the European defence sector,

Mr Serge Tchuruk Alaria Mr Serge Tchuruk, Alcatel Industrie civil aircraft consortium - to have awaited would be forced to enter the choice of the French govcomplex structures in which ernment before associating itself with the winner.

Ha warned that forming

its last 10 per cent holding in

the group, brought in net

revenues of about Ptal70bn.

charges. Like other Spanish

assets in order to generate

The company said it had

managed to offset most of

Operating results from gas

tumbled from Pta23.23bn in

with a 45 per cent stake -

On the other hand, chemi-

year's downturn, with a 30

tax savings.

The fall in net earnings

an alliance against Aerospatiale was "signing the death warrant of Airbus". British Aerospace, another Airhus partner, is to back Lagardère's bid with £300m

However, Dasa said yesterday: "Emotions are in play in France at the moment, it seems. But we have made our decision on the merits of the issue. After baving talked to both contenders, we thought that we would find ourselves in co-operation with Lagardère in the best position for the future structure of tha industry in Europe."

Meanwhile, Mr Tcburuk and Mr Serge Dassault, with Alcatel has made an offer for son-CSF?", it asked.

Thomson, also criticised Lagardère for agreeing to the deal with Dasa before the winner was known.

Although some of Mr Das-sault's comments had a distinctly nationalistic tooe. Mr Tchuruk emphasised Alcatel would quickly bold talks with other leading European defence companies if its offer were accepted.

The UK's GEC said this month that, whichever side woo Thomson, it would negotiate links between GEC-Marconi, its defence unit, and Thomson-CSF.

Lagardère later hit back. accusing its rivals of using "untruthful argumenta". "Who can believe that Lagarwhose Dassault group dère will dismantle Thom-

Lower demand for gas hits Repsol profits

By David White in Madrid

Repsol, the Spanish oil, gas and chemicals group, yesterday announced a 12 per cent reflected higher depreciation fall in net profits to Pta31.04bn (\$216m) in tha companies, Repsol said it first quarter, its first results bad taken advantage of a since it was fully privatised facility to revalue its fixed last month.

However, it said operating profits had remained almost level at Pta53,12hn and described the quarterly per- the short-term impact of this formance as "very positive" revaluation as well as the in the circumstances. Its gas setback in its gas business. husiness was hit hy lower household demand - a consequenca, of moderate the same quarter last year to weather - and a govern- Pta10.94bn. Its propane and ment-imposed freeze on butane gas activities slipped prices. But the rest of the into the red with a quarterly group's activities in Spain operating lose of Pta564m, and Latin America were while earnings from natural "fully satisfactory", it said. gas - through Gas Natural, The figures, which were the company in which Rep-

below market expectations, sol is the main shareholder were announced just before the close of trading on the fell by 14 per cent. Madrid stock exchange. where Repsol shares ended cals fared better after last unchanged at Pta6,080.

This compares with the per cent improvement in price of Pta6,010 set for institutions in the April chare its to Pta7.25bn. Earnings offering, and a discounted from refining and marketing price of Pta5,803 for retail rose 13 per cent to investors. The heavily over Pta22.91bn, helped by the subscribed privatisation atrength of the US dollar

INTERNATIONAL NEWS DIGEST

AssiDomän upbeat despite 56% fall

AssiDomän, the Swedish forestry group, yesterday confirmed global pulp and paper price weakness by revealing a 56 per cent fall in pre-tax profits to SKr360m (\$46.84m). The result came on a decline in sales from SKr5.01bn to SKr4.82bn. However, it joined competitors such as Metsä-Serla of Finland in predicting an improvement for the rest of the year.

The company said the market for paper and cartonboard had turned upward in the first quarter. "The generally weak situation in the market for paper and cartonboard in 1996 was replaced by a positive development for the majority of AssiDomān products in the first quarter of 1997." AssiDomān said yesterday. However, it was less bopeful about the pulp sector. "The pulp market remains uncertain," it said,

The company also said yesterday it was in talks about acquisitions in Asia. Reuter, Stockholi

Strong growth at SAB

South African Breweries, the world's fourth-largest, celebrated a year of record growth in foreign markets by announcing a solid rise in full-year profits. Earnings from international beer interests rose 48 per cent to R255m, which helped boost pre-tax profit by 14 per cent to R3.4bn (\$770m). Turnover in the year to December 31 rose 13 per cent to R36.9bn, and earnings per share by 12 per cent to 605 cents. The final dividend was 222 cents a share. bringing the total for the year to 287 cents, compared with 250 cents previously.

Analysts applauded the results, which they said were in line with expectations. In spite of a downturn in consumer spending in South Africa, earnings from local beer interests were 16 per cent higher at R1.17bn, which offset a decline in earnings from the retail, botel and manufacturing interests. Mark Ashurst, Johannes

DnB lifts offer for BNbank

Den norske Bank, Norway'e largest commercial bank, yesterday lifted its offer for shares in BNbank by NKr5 a share to NKr203. It also said if it failed to gain acceptance from 90 per cent or more of the shares, it would ask the government for dispensation to keep the equity it amassed. Under Norwegian law, a bank must either own 90 per cent or more, or 10 per cent or less, of the shares in another financial services company, although the government has the power to grant dispensations. DnB said it had obtained acceptances from shareholders controlling 68 per cent of BNbank, which is Norway's fifth-largest bank with assets of NKr24bn (\$3.38bn).

DnB'a bid for control of BNbank is one of three battles under way in Norway which could restructure the finance industry. Sparebankgruppen has made a bid for Fokus Bank, the fourth-ranking bank with assets of NKr34bn, but has so far gained acceptances from only 10 per cent of the capital. Fokus Bank, meanwhile, bas made a bid for BNbank, which looks set to fail. A proposed merger between Christiania Bank, the second-ranking commercial bank, with Uni Storebrand, the largest of Norway's insurance companies, may not be resolved until the end of June, when Storebrand's shareholders meet at an extraordinary meeting. A significant minority of Storebrand investors oppose the merger.

Hilary Barnes, Copenhagen

Cigna in Polish venture

Cigna International, the large US insurer, is to establish a joint venture in Poland - its first foray into the central and eastern European region. Cigna said yesterday it would link with Bartimpex, a Pollsb trading company with an interest in insurance and which has specialised in trading Polish food products for Russian natural gas. Christopher Bobinski, Warsau

issue, in which the state sold against the peseta. Financial trading boosts WestLB

By Andrew Fisher in Düsseldorf

Westdeutsche Landesbank, Germany's higgest public operating profits before risk

financial trading, which had also produced a sharply higher result in 1996, con-with an increased presence tributed to the advance, as did lower costs.

bank expected another satisfactory result in 1997, Mr Friedel Nenber, chairman.

visions were 3.6 per cent higher at nearly DM1.9bn (\$1.12bn).

The operating result was up 10.5 per cent at DM1.39bn sector bank, made a positive after provisions, which fell start to tha year with a 7.5 from DM573m to DM507m, per cent rise in first-quarter mainly because of reduced foreign loan risks.

Nat income rose 10 per Higher earnings from cent to DM736m.

in London through West Merchant Bank and Pan-While the first quarter mure Gordon, the UK stockcould not ba takan as a broker bought last year, guide to the full year, the made a large contribution to profits.

Some 35 par cent of WestLB'a income came from trading and commission. Last year, operating business, against 30 per cent profits before risk pro- in 1995.

CONTRACTS & TENDERS

THIS ANNOUNCEMENT APPEARS FOR INFORMATION PURPOSES ONLY

INVITATION TO TENDER THE STATE PROPERTY FUND OF UKRAINE

hereby amounces a non-commercial tender to sell a 51% equity stake in

Poliavsky Zavod Hazorazryadnykh Lamp (the "Company") Ukraine's Only Gas Discharge Lamp Manufacturer The Tender is for the sale of 18,666,316 shares of common stock for an initial purchase price of 4,666,579 Ukrainian hyvnias (UAH). Investora shall make investments in the Company of at least 32,000,000 USD within a period of five years for the purpose of modernizing the Company's operations and further strengthening the Company's market position.

The Company is the only manufacturer of gas discharge lamps in Ukraine and one of three in the former Soviet Union. The Plant's around production

capacity is as follows: fluorescent lamps - 39 million pieces, high-intensity

meacury lamps - 5.4 million pieces, high-intensity sodium lamps - 1.1

The Tender commences on May 15, 1997. Tender Proposals can be submitted within a period of 60 calendar days from the date of the Tender

announcement in the Investitistyna Gazeta, the designated newspaper of the

State Property Pund, Teader proposals should be submitted directly to the State Property Fund of Ulcraine by the established deadline.

Investors interested in participating in the Tender, must first submit a

properly completed Application for Tender Documents to the Tender

Committee and to the advisors of the State Property Fund, that is EPIC

European Privatization and Investment Corporation, KINTO Investments &

Securities, Ernst & Young (CIS) Limited and Squire, Sanders & Dempsey

L.L.P. at the addresses indicated below. A non-refundable Application Fee

in the amount of 1,000 UAH (or its USD equivalent) will be payable to the

Poltavsky Zavod Hazorazzyadnykh Lamp and Investment Corporation

State Property Fund of Ukraine upon submission of the Application.

FIDELITY FUNDS SICAV Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile B.P. 2174, L-1021 Lexembourg

Fidelity Funds SICAV has declared a quaterity dividend in respect of shares of the undernoted sub-fund held at close of business on April 30, 1997. The dividend amount, Bearer coupon number and payment currency are as indicated below. In the case of registered shares, dividends will be paid or reinvested in additional shares of the relevant fund as appropriate on payment date of June 12, 1997. Dividends not eashed within 5 years from payment date will large and the dividend will revert to the Fund.

R.C. No B 34036

SUB-FUND NAME PAYMENT DIVIDEND COUPON CURRENCY PER SHARE NUMBER

GeP ' 0.0045

Dividends will be paid to holders of Bearer Shares in the currency of denomination of the sub-fund (or by arrangement with the Paying Agent and at the cost of the shareholder, in any other currency) against tender of the coupon number listed.

Paying Agent in Luxembourg: BANKERS TRUST LUXEMBOURO S.A. P.O. BOX 807 14, BOULEVARD F.D. ROOSEVELT LUXEMBOURG

Paying Agent in France: Banque Indosnez 96, bd Haussmann 75371 PARIS Cedex 08 Paying Agent in Ireland: Bradwell Limited 41-45 St. Stephen's Green DUBLIN 2

ABN-AMRO Cank Paying Agent in Sweden: Svenska Handelsbanken Blasieholmsnorg, 12 10670 STOCKHOLM

Paying Agent in The Netherlands:

Fidelity [13] Investments

Marsh & MCLENNAN **COMPANIES**

has acquired

Johnson & Higgins

for \$1.8 billion

The undersigned acted as sole financial advisor to Marsh & McLennan Companies, Inc.

JPMorgan

March 1997

All of these securities have been sold. This announcement appears as a matter of record only:

New Issue/May 5, 1997

3,087,134 Shares

Marsh & **MCLENNAN COMPANIES**

Common Stock (par value \$1.00 per share)

J.P. Morgan & Co.

Morgan Stanley & Co.

Donaldson, Lufkin & Jenrette Securities Corporation PaineWebber Incorporated

Merrill Lynch & Co. Smith Barney Inc.

NATIONAL BANK OF CANADA

US\$ 250,000,000 Floating Rate Notes due 1999

In accordance with the Description of the Notes, notice is hereby owen that for the Interest Period from May 12, 1997 to August 12, 1997 the Notes will carry an Interest Rate of

6.04375 % per annum. The Interest Amount payable on the relevant Interest Payment Date, August 12, 1997 will be US\$ 154.45

per US\$ 10,000 principal amount The Calculation of Note and US\$ 1,544,51 per US\$ 100,000 principal Kredietbank Luxembourg amount of Note.

Standard & Chartered

Standard Chartered PLC US\$400,000,000 Undated Primary **Capital Floating Rate Notes**

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Determination period from 14th May 1997 to 16th June 1997 the Notes will carry Interest at the rate of 6.125 per cent per annum.

Interest accrued to 16th June 1997 and payable on 14th July 1997 will amount to US\$56.15 per US\$10,000 Note and US\$561.46 per US\$100,000 Note.

> West Merchant Bank Limited Agent Bank

252133 Kyiv, Ukraine Mr Alexander Pepov (+380 44) 294 4455

Tender Committee for

118/9 vul. Kutuzov

telephone: (+380 44) 294 4455

t/o State Property Fund of Ukraine

million pieces and 21.1 million starters.

Mr Wolfgang Herritsch telephone: (+43 1) 501190 (+43 1) 501199

Plossigasse 8

EPIC, European Privatization

A-1040 Vienna, Austria

Shell defends record in Nigerian report

By Robert Corzine and Leyla Boutton

Royal Dutcb/Shell, the largest international oil company, and critics of its environmental and human rights record fired their final salvoes yesterday before an expected clasb at today's annual meeting in London.

The company published a where it has been accused luting the Niger River Delta oil production, a quarter of audit. The resolution also

- in a final effort to secure its total output in the delta. demands a detailed report on pressure," said Ms Anne social performance in the environmental stance.

ing community unrest in the delta affecting Sbell's tional investors and supoperations. The company ported by Pirc, the yesterday confirmed that youths protesting against local government boundary changes had occupied the Nembe Creek production buman rights policies and to of complicity in buman unit, forcing Shell to shut in submit them to an indepenrights violations and of pol- about 100,000 barrels a day of dent external review and

support for its ethical and Shareholders at today's Shell's implementation of Simpson, Pirc's co-director. Niger Delta, where its Nigermeeting of Shell Transport such policies in Nigeria. The progress detailed in and Trading, the group's the report was oversbad- London arm, will be asked to are also expected to be priorities for the future owed, however, by continu- vote on a resolution spon- raised at today's annual sored by several institu-

> advisory service. It calls on Shell to tighten its anvironmental and

campaigning pension fund

meeting of Royal Dutch in the Hague.

Pirc, which claims the support of 15 pension funds in today's vote, said publication of the Nigeria report on the eve of the annual meeting highlighted the effectiveness of its campaign.

Sbell feels under a lot of ing its environmental and

What we would bave liked ian oil output was concen-Similar demands to Pirc's to see was a clear setting of trated. rather than a knee-jerk reac-

> Shell rejected such suggestions and said the report was part of its effort to allow the delts would be phased "see whether we are achieving what we say we want to achieve."

Tha report said Shell was "What this shows is thet making progress in improv-

aging director of Shell's Nigerian subsidiary, said the practice of flaring large amounts of natural gas in shareholders and others to out by 2008 or earlier. He also disclosed that Shell had begun a pilot programme of external monitoring of environmental standards at two of its 87 production process-

LEX COMMENT

Atoe

water

Alld Domecq

Allied Domecq's resurgent share price is no reflection of its business performance. The management has learnt that if you promise nothing, it is hard to disappoint. Both its spirits and pnb retailing divisions continua to underperform the competition, but investors were relieved there was nothing worse and pleased that the group maintained its dividend. But that looks like a hollow victory. Even after a likely pick-up in second half profits, Allied will

have minimal free cashflow after dividends this year. And spending on market ing its spirits brands is growing well below inflation, while capital expenditure is actually falling.

Of course, following the proposed Guinness/Grand Metropolitan merger, the hope is that a corporate deal will help Allied out of its hole. And the management must be relieved that it did not opt to break the business up last year. The turnoil of a demerger would make it far harder to pursue any deals – besides, by the time any demerger of the spirits division could have happened there would

have been two fewer buyers.

Nonetheless, it is hard to see what Allied can pull out of the hat. Seagram is an unlikely bidder, and Allied cannot afford to huy much itself. Moreover, GMG demonstrates that cost savings from mergers are not enormous, which argues against much of a takeover premium for Allied. In the short-term, GMG could help pricing stability in the spirits industry and release a few brands. But GMG is at least as much of a threat as an opportunity for Allied.

Allied Domecq may oppose GMG Brands

By John Willman in London, Richard Tomkins in New

warning that the £23.8bn (\$38.6bn) merger of Grand Metropolitan and Guinness to form GMG Brands would not go unchallenged.

Sir Christopher Hogg, chairman, said he believed Allied Domecq was well-

BOC

deflated

sterling

By Jenny Luesby

trial gases group.

March 31.

Annonncing

by rise in

Currency movements wiped

out solid increases in sales

and profits in the first half of

interim

the year at BOC, the indus-

results yesterday, Mr Danny

Rosenkranz, chief executive,

said sterling's strength had

cut pre-tax profits by £13.7m

(\$22.2m) in the six months to

If reported in local curren-

cies sales would have risen

by 5 per cent, pre-tax profits

by 6 per cent and earnings

terms, the pre-tax result was £1m lower than the previous

year at £216.4m, on turnover down by 3.3 per cent at

charges, earnings rose by 1.9

per cent to 28.37p (27.85p). A second interim dividend of

14.5p (13.5p) is announced,

taking the total from 27p to

Industrial gases, account-

cent, after adjusting for cur-

rency translation. However,

April 1997

ing profits were up by less sion.

ing for three-quarters of turnover, achieved underly-

ing profit growth of 9 per ane, and the group's plans to

unadjusted sales and operat- by a Zeneca patent exten-

However, in sterling

per share by 7 per cent.

drinks group, yesterday on a market-by-market basis, joined Seagram of Canada in and complain to the regulators if shareholders' interests were threatened.

continuing process of consolidation that we have seen in the brewing and drinks sector over the past few years," he said. "While the deal may

which will create the world's seventh largest food and drinks company - is most likely to fall foul of competition regulators are the US and Europe.

must notify the appropriate regulatory agency of their intention to merge 30 days before the marger takes

seek, and probably obtain, a require that the companies

If the agency opposes the either abandon it, or proceed in the knowledge that the agency will sue to block it.

Mr Roger Noll, a professor of economics at Stanford University, said: "My expectation is that the agency would not prevent the merger, but it would focus on the specific aspects of tha merger that it believed cause anti-competitive harm, and

either not merge or spin off those aspects of the deal." In the European Union, the size of the merger means it automatically falls under the scrutiny of Brussels.

The competition authorities will have one mouth to carry out an initial probe. If they have doubts about its impact, they can extend it by four months.

It is rare for the commission to block a merger outright. It is more likely to

broking into consultancy.

In a rapidly consolidating

broking market they have reshaped the industry with severel big acquisitions

recently, increasing the pres-

sure on others to respond.

But some analysts were unconvinced by the valuation argument. Thay described tha 3 per cent growth in brokerage and fees to £234.7m at constant exchange rates as "flat". A strong pound made it negative at actual rates and cut pre-tax profits by £3.4m. The shares edged up 2p to 130%p.

"I don't think it really stacks up that they're that undervalued," said one. "They're doing what thay can because it's not working on the retail [broking] side. If they're not going to do a deal, they've got to do some-

Personal pensions

By Christopher Adams

Heady growth in personal pensions sales and a sharp fall in the cost of weatherrelated claims helped General Accident, the Scotlandbased composite insurer, to more than double first-quar-

ter operating profits. But Mr Bob Scott, chief executive, was downbeat yesterday about the group's prospects in a fiercely competitive UK motor insurance

market this year. Margins in personal motor insurance were unlikely to Improve despite attempts to increase premium rates, he said. A sustained drought could also lead to higher

subsidence losses Operating profits for the three months to March 31 jumped from £55m to £114m (\$184.7m) following a more benign winter across the US and in Britain. Realised investment gains of £220m (£62m) left the pre-tax out-

come at £328m (£109m). The rapidly expanding life insurance and pensions arm increased profits by 45 per cent to £32m following the acquisition last year of Provident Mutual.

- .

Sterne .

Tha strong pound, however, prevented further growth. While total premium incoma increased by 6 per cent in local currencies, it rose by just 3 per cent in sterling terms to £1.52bn. GA bopes shortly to con-clude the sala of a life insurance operation in the Carib-

bean for \$50m-\$100m.

placed to take sdvantage in present some future prob- for whisky. Seagram, tha temporary restraining order. tha upbeaval created in lems for the group, it will world's second largest spirits forming the world's largest also create opportunities as producer, has already said it spirits and wines group. But be said that Allied will protest. Under US anti-trust law. The two areas where the Allied Domecq, tha UK would examine the merger GMG Brands merger the parties to the merger

"The merger is part of the

In the US, the combined companies will hold 24 per cent of the spirits market and about half the market

If the parties press ahead with their merger without waiting for the agency's approval, the agency will

By Christopher Adams,

Sedgwick, the international

insurance broker, is to seek

a listing on the New York

stock exchange because it

believes UK investors are

Reporting a 4 per cent

slida in first-quarter pre-tax

profits to £43.5m (\$70.5m).

the group said yesterday

that shares listed in New

York could attract the

higher ratings of its large

American rivals. Trading

Sedgwick shareholders are

Yr to June 30

would start in early June.

undervaluing its shares.

Sedgwick to seek US listing

eventually bold about one

third of the issued shares. "We want to see if the American investing public see a greater rating in us," said Mr Stuart Tarrant, finance director. Many British investors have grown weary of the pedestrian growth in traditional insurance broking, and Sedgwick's shares have been languishing at a near 30 per cent discount to the market.

The group was keen yesterday to stress the similarities between it and US bro-Less than 10 per cent of kers like Marsh & McLennan and Aon, which have both based in the US, but the diversified away from pure

317 (317) 18.2 (25.5) 216.4 (217.4) 0.133 (0.084) 29\$ (53.9\$) 0.503 (0.551) 6.91, (5.07L)

(-) (-) (45.3) (3.58)

294 0.503 6.91L 328 2.12

Mr Rob White-Cooper, chief executive, pointed to its employee benefits consultancy as evidence of a move away from pure insurance broking. The division lifted profits for the three months

to March 31 by 28 per cent to £5m on turnover of £54.4m. Mr Sax Riley, chairman, said the New York listing was a "logical step" because the group derived more than

40 per cent of its income Total last year 23.59 37.5# 28.37 0.39 9.1† 3.7 3.56 67.68 7.25 2.61† 26.17 Aug 27 July 25

	Quintale Estates	-	(·)		<i>(-</i>)		(-)	2‡	May 30		-	-
	Sedgwick	244.5	(254.900)	43.5	(45.3)	5.5	(5.5)	•		-	-	7.25
	Select Appointments 3 mths to Mar 31	118.4	(75.3)	6.15	(3.58)	4.4†	(3.4)	-	-	-	-	3
	Stimma	10.8	(8.92)	0.401	(0.303)	2.61†	(2.15)	1.45	Aug 27	1.3	-	3.25
	Time Products Yr to Jan 31	102.3	(91)	22	(16.6)	26.17	(20.24)	7.5	July 25	6.5	12	10
	Warner Howard		(-)		(-)		(-)	6.75	Jume 3	5.85	10.25	6
	Westbury Yr to Feb 28	284,3	(193.7)	22.6	(11.54)	17.3	(11.1)	4.5	July 20	4.05	6.65	6.05
	Xenova	0.205	(0.384)	2.68L	(1.44L)	0.11L †	(0.11L)	-			-	-
١												
					butuble			Current	Date of	Corresponding	Total for	Total last
١	Investment Trusts	N.A	Y (p)	Birnin	rgs (Est)	P	i (p)	payment (p)	рауливы	dividend	year'	year
í	Brit & American Yr to Dec 31 *	117	(111)	1.41	(4.2)	4.25†	(3.05)	2	June 28	1	3	1.94
	Brit & American Yr to Dec 31 * Invesce English Yr to Apr 5	117	(111) (-)	1.41		4.25†		2 0.7	June 28 June 10	1 0.6	3 1.2	1.94
		-	(-)	0.124	(4.2) (-) (0.132)	4.25† 0.26	(3.05) (-) (0.28)	_		1 0.6 0.7	3 1.2 -	1
	knyesco English Yr to Apr 5	145.93	(-) (141.377)	-	(-)		(-)	0.7	June 10 June 20	0.7	•	1 2.3
	Invesce English Yr to Apr 5 Jupiter European 6 mits to Feb 26 *	145.93	(-) (141.377)	0.124	(-) (0.132)	0.26	(-) (0.28)	0.7 0.7	June 10		3 1.2 - 0.9 1.26	1
	Invesce English Yr to Apr 5 Jupitor European 6 mits to Feb 26 * Montanar UK Yr to Mar 31 § Saracon Value Yr to Mar 31 Earnings shown basic, Dividends shown no	145.93 141.17 120.1	(-) (141.377) (126.17) (110.6)	0.124 0.617 1.54	(-) (0.132) (0.446) (0.889)	0.26 1.27† 1.74 for corres	(-) (0.28) (1.76) (1.44)	0.7 0.7 0.9 0.66 riod. SUS cum	June 10 June 20 July 30 June 30	0.7 1.5 0.6	0.9 1.26	1 2.3 1.5 1.2
	Invesce English Yr to Apr 5 Jupiter European 6 mits to Feb 26 * Montanaro UK Yr to Mar 31 § Saracen Value Yr to Mar 31	145.93 141.17 120.1 Except	(-) (141.31,) (128.17) (110.8) #Gross, Figural income. •	0.124 0.617 1.54 mes in tr	(-) (0.132) (0.446) (0.889) rackets are tives pro fe	0.26 1.27† 1.74 for corres	(-) (0.28) (1.76) (1.44) ponding peremium inc	0.7 0.7 0.9 0.66 riod. SUS cum come. \$Secon	June 10 June 20 July 30 June 30	0.7 1.5 0.6	0.9 1.26	1 2.3 1.5 1.2

ORFAITING LONDON

US\$135,000,000

Thanks to lower tax Danny Rosenkranz (left) and Tony Isaac, finance director,

Meanwhile, sales and prof-

healthcare and vacuum

extend into generic injecta-

ble anaesthetics were stalled

find currency movements have undermined sales growth

its fall sharply for both begun to pick up, tha group

In vacuum pumps, the

semiconductor market had

said, but had not yet

of this time last year.

returned to the buying levels

The group's smallest divi-sion, the UK-based distribu-

tion service, was unbindered

by currency translation, and

reported some margin

Revolving Credit Facility Arranger WestLB

WestLB

Lloyds Bank Plc

Bankgeselischaft Berlin AG London Branch

City Corporate Business Centre Nomura Bank International pic

Landesbank Schleswig-Holstein International S.A.

Südwestdeutsche Landesbank Girozentrale,

PT Bank Negara Indonesia (Psrsero) Tbk

ABN-AMRO Bank NV

Banque et Caisse d'Epargne de l'Etat.

ABC International Bank pic

Co-Managers Banco Ambrosiano Veneto S.p.A., London Branch Landesbank Sachsen Girozentrale National Bank of Egypt International Limited Bança Popolare di Novara S.C.a R.L. London Branch

Banco Espirito Santo SBI European Bank PLC Société Générale. London Branch

London Branch

Landesbank Saar Girozentrale Bankhaus Löbbecke & Co Staal Bankiers N.V.

Facility Agent WestLB

WestLB

Danka claims **Kodak savings**

By Charis Gresser Danka Business Systems,

the acquisitive photocopier group which soapped up Kodak's photocopying distribution business jast year, claimed vesterday the deal could delivar \$100m of annual cost savings. Danka believes it can dra-

matically improve Kodak's efficiency ratios. Whereas a Kodak engineer could service 1.7 photocopying machines a day on average, Danka reckoned it could boost this to 2.25 mschines hy the end of this financial year. This in itself would yield up to \$50m of savings. tbe company believes. Kodak's photocopiers tend to be more complex than Danka's, churning out up to 120 388p low following las copies a minute. But Danka mer's profits warning.

believes it can apply more rigorous working practises and better logistics to the

Analysts said the cost savings targets were realistic, representing about 10 per cent of Kodak's cost of sales. Kodak's operating margins of 2.7 per cent should match Danka's average of 9 per cent over tha next two years, it said. Danka yesterday

announced pre-tax profits for the year to March 31 down 46 per ceot to £39m (\$47m) after £45.6m of restructuring charges. Turnover climbed to £1.32bn (£793m). The sbares rose 20p to

5671/ap, still below their 835p peak of a year ago, but 46 per cent higher than the 388p low following last sum-

Zeneca to acquire Mogen for £46m

By Daniel Green

largest drugs company, is to buy Mogen International, a control" Dutch plant biotechnology company which specialises 1985 as a joint venture in genetically modifying between Molecular Genetics crops, for £46m (\$74.5m).

tise . . . complements Zeneca's resaarch pro-Zeneca, the UK's third grammes in this field, partic ularly in the area of fungal

Mogen was established in of the US and MIP, the Mr David Evans, director Dutch investment company. of research and development Its shares have traded on the at Zeneca's agrochemicals unlisted securities market in This announcement appears as a matter of record only



USD 33,000,000 Syndicated Term Loan Facility

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Bank Polska Kasa Opieki SA, Wirsaw
Prager Handelsbank AG, Frankfurt am Main Baverische Vereinsbank AG, Munich

Berliner Bank AG, Berlin SKB Banka dd, Ljubijans The Bank of New York, New York BfG Bank AG, Frankfurt am Main vman & Co. (AG & Co.), Hambu Magyar Kulkereskedelmi Bank Rt, Budapest Nova Ljubljanska Banka dd, Ljubljana Mezobank Rt, Budapest



12 MARCH 1997

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But now.

speed up.

Race to entertain.

and inform

d Domeco Electronic commerce · Louise Kehoe

A toe in uncharted waters

The problems of doing business over the internet have been highlighted by the struggles of a pioneer in the field

very low price from a Chinese sun's rays penetrate to give wear-ers an all-body tan, offered by an inventor in Honolulu, the internet is the place to go.

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Alfred Domecq

Personal

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SHIP CONTROLLER ACRES

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These and many other products can be purchased via one of the dozens of trading bulletin board websites that have appeared on the Net over the past year.

No doubt some buyers and sellsupplies or selling goods via the internet is proving to be a much more complicated undertaking.

The challenges of conducting day-to-day, business-to-business commerce via the internet have been highlighted by the struggles of Industry Net, a pioneer in the field, which built an electronic marketplace for industrial supplies everything from machine tools to cables and pumps.

On Friday, Nets Inc, the com-pany behind Industry Net, filed for bankruptcy-court protection. Jim Manzi, the former chief executive of Lotus Development who now raise funds needed to continue

Beyond proving that "internet" and "electronic commerce" are no longer the magic words to open the coffers of US venture capital funds, the announcement deflated much of tha hyperbole that has surrounded electronic commerce over

Industry Net was too ambitious, industry analysts said. They gave the venture little chance of a comeback unless new funding could be found. Whatever Industry.Net's mistakes, its downfall provides a salutary lesson for companies that are rushing into electronic com- electronic commerce, says Isford. merce. Despite its early lead. However, as businesses forge

f you want to buy a minimum rapid technology developments.

of 8,500 dozen tennis balls at a While Industry.Net aimed to enable electronic commerce via a manufacturer, or perhaps a public website on the internet, new line of T-shirts that let the much of the focus of business-tobusiness electronic commerce activity has now switched to private extranets: extensions of corporate intranets that reach out to

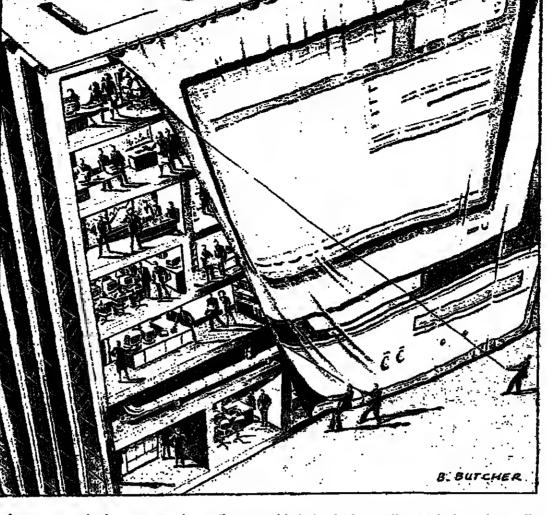
suppliers and customers. A business might, for example, allow suppliers to have access to its inventory database so that new parts could be delivered as needed. An extranet might also incorporate ers find these websites useful. Yet customer sarvice applications, for most businesses, purchasing enabling a company to provide up-to-date information on orders, or provide distributors with new product and service information.

Just a year ago, electronic commerce meant simply selling goods or services over the internet. Today, the term is being used to refer to the use of internet technologles to enhance a wide range of business processes.

Unlike earlier proprietary electronic data interchange systems. businesses' internet-style networks are not limited to buy and sell functions. Rather, an extranet is an extended enterprise system that enables businesses to improve comheads Nets, said he was unable to munications with a company's partners, suppliers and customers.

companies explore the potential of electronic commerce in its broadest sense, many recognise that it involves fundamental changes in the way they operate, says Neil Islord, vicepresident of network computing at International Business Machine's global services division. For most companies, he says: "This is oew territory, uncharted waters."

The broad business implications of electronic commerce are only beginning to be recognised. Most of IBM's customers, for example, are in the initial stages of deploying



INFORMATION TECHNOLOGY

and many may simply outsource their computer systems operations, be predicts. IBM expects to garner as much as 46 per cent of its services revenues from network computing-related applications hy 1999.

This may be a telling statistic for those husinesses that are still coming to terms with the implications of electronic commerce, Any notion that the internet might provide a quick and easy route to new husiness is being quickly dispelled. Instead, businesses must tackle the thorny problems of linking their existing internal data-

processing systems to new Web services. Glen Osaka, vicepresident in charge of Hewlett-Packard's electronic business development, says: "Companies have huge amounts of data about their customers, but they are not able to access it in useful ways."

Linking the old and new worlds of information technology requires the use of so-called middleware: computer systems to exchange data. Security is also a concern. The more people who are allowed tomers are now splitting their purindustry. Net was overtaken by ahead, they will need lots of help access to a company's data chases between traditional book

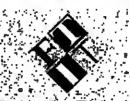
Yet the biggest challenges have little to do with technology. For example, manufacturers that rely upon distributors to sell their products are likely to run into problems if they offer the same products direct to customers via the internet or an extranet.

Similarly, companies that maintain limited customer service operations may find themselves overwhelmed if they cut out the middleman in favour of electronic sales. However, businesses that are tempted to take a wait-and-see approach in the wake of Industry.Net's decline might also take note of another electronic commerce development this week.

Having so far eschewed the internet, two of the leading book retailers in the US, Borders, and Barnes & Noble, are rushing to create websites to counter new competition from Amazon.com.

Amazon, one of the most successsoftware that enables disparate ful retail sales sites on the Internet, is luring some of the most frequent book buyers - the cus-

bases, the more risk is involved. retailers and the online seller. Projections for the growth of electronic sales reveoues are immense. According to various US market research groups, businessto-husiness electronic commerce may be between \$70hn (£43.2bn) and more than \$150hn hy 2000. While these figures are highly speculative, there is a broad consensus within the computer industry that electronic commerce will be huge and that it will bring fundamental changes to the ways in which businesses use information technology. "This is not just IT, this is it," says Osaka.



Information Technology ● The FT's review of Information Technology appears on the first Wednesday of each month

Information on the run

or the sales executive on the road, getting a message on a pager warning that a competitor has just cut prices or that stocks of the product are low is nothing new. But new software promises automatically to track the competition through their websites and generate alerts which can be sent to pagers, mobile phones or -mail whenever the price or anything else the user is interested in - changes.

The initial application of Headliner, the first product

from Canadian company

anacom, is as a "push technology, similar to that introduced by PointCast last year. This delivers information to the user's computer, cutting down on internet surfing. However, while PointCast and several recent competitors such as Marimba's Castanet - rely on publishers to create content "channels" especially for their software, Headliner can take its content from any site on tha World Wide Web. This allows Headlines

to claim "local content" whila PointCast and others are still providing almost exclusively North American channels Lanacom also avoids the cost of signing up publishers, and has no

involvement in publishing. Because Headliner uses simple rules to decide where on Web pages it should take its headlines from, users can easily create their own set of rules – using a "content agent" - for their favourite sites. As Tom Watson, bead of Lanacom Europe, points out, no other push technology could ever be ubiquitous enough to cover amateur sites or the Manchester United fan club, let alone your local newspaper. Pre-configured content agents already cover everything from The Johannesburg Star and Die Walt to Illinois' Edgebrook Times Review, and the list continues to grow.

It is this same technology which allows Headliner's professional version, due to go on sale at the end of the summer, to provide alerts when Web sites change, which can then be sent by e-mail, pager, fax or even to the screen of a GSM mobila phone. So a message could be automatically sent to the marketing department whenever the company's share price - retrieved from one of the many quote services on the Net falls below a pre-defined level. However, the most useful applications come when the information is being collected from computers on an intranet. These are only accessible from within the company, so detailed information on. for example, stock levels and prices, can be used to generate the warnings.

The programme is designed to help cut the perceived problem of information overload offering a customisable interface which can put different tickers on different parts of the screen – so headlines from the Financial Times could scroll quickly across the top while the latest cricket score is relegated to a small box and share prices run along the bottom. Clicking on a headline then takes the user to the full story on the relevant website.

Lanacom, founded hy Tony Davis, creator of Delrina's WinFax communications software, is entering a crowded market, into which the hig internet players, Netscape and Microsoft, are just starting to push. Watson refuses to predict bow many companies will take up Headliner, but claims several large corporations are testing it, including a European mobile telephone group and the Canadian Wheat Board, which has to communicate with 150,000

James Mackintosh

Enter the baby internet browser

Here comes the baby internet browser, International Business Machines, the US computer giant, has unveiled software which allows users to access the Web personal digital assistants.

NetDiver, developed by IBM Japan, can display Web pages written with the latest version of the HTML design standard and can run Java applets, small applications designed for distribution over networks, written in the new programming language

from Sun Microsystems. Another Java-enabled browser, HotJava from Sun. already exists, but IBM's development of NetDiver adds to the credibility of Java as a software basis for small devices.

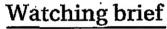
Java browsers are the nost serious competitor to Windows CE, tha cut-down version of Microsoft's Windows operating system, designed for smalldevices. Windows CE, Microsoft

plans, will be able to run Java applications; but it will also support Microsoft desktop applications such as Word and Excel, bringing additional capability – and bulk as well, however.

TBM has also offered a glimpse of a browser which could give a facelift to old personal computers. WebBoy, the new software, can turn PCs powered by 386 chips into internet

terminals. NetDiver is believed to require less than 1MB of space, much less than the latest versions of the Communicator browser from Netscape or Microsoft's Internet Explorer.

IBM, UK: tel 01256 343107;





Buy now, speed up later

Do you want 56 kilobits per a year? The internet speed junkie may not have to choose. Texas Instruments the US semiconductor and hardware manufacturer, and US Robotics, the modem-maker, have come up with a solution called

This technology uses digital signal processing a hybrid modem. It can interpret streams of data line at the present peak telecoms companies are 25 times that.

The theory is that users can confidently buy products from TI and US that it will last them through the next two

Race to entertain and inform

The race between the internet and CD-Roms to deliver multimedia





entertainment and information is speeding up. As manufacturers and internet service providers jump on the bandwagon of 56kbps modems, CD-Rom manufacturers are also delivering a boost to speed.

Two Japanese consumer

electronics manufacturers,

are both developing drives

which will operate at twice the speed of their

predecessors. Panasonio

and Pioneer New Media

have said they are making

drives had been the fastest

in commercial production.

take discs the size of audio

communications capacity

delivered over the internet

instantly. And technologies

Panasonic, US: tel 800 524

still have the advantage

that they can be updated

such as ADSL promise a

further boost to internet

www.panasonic.com

Internet

CDs, can tap data at

maintain the edge on

over the internet.

The latest drives, which

24-speed drives; 12-speed

second now or 1,500kbps in x2/DSL.

chips and software to create coming over the telephone speed of 56kbps, as well as the ADSL technology which adopting to push speeds to

Robotics in the knowledge upgrades in internet access

Texas Instruments, US: tel 214 995 6611; web www.ti.com/corp/docs/

professional information Another financial information service -

0864: web

which would once have required dedicated terminals and cabling - is moving to the internet. Dow Jones, the US

publisher of the Wall Street

Journal and owner of Dow

Jones Markets market data

vendor, is offering its professional information services over the Web. Dow Jones News Retrieval, which offers articles from 3,600 specialist publications, will be accessible by any client with internet access and a Web browser which is standard now to most

February offered its Dow Vision newspaper text service on the Web, plans later to supply real-time prices using internet technology. While some professional

information aggregators such as Maid offer their databases over the internet others such as Lexis-Nexis from Reed Elsevier and Profile from Financial Times Information still require customers to download proprietary software.

Meanwhile, one of the new start-ups in the financial information business has come closer to offering the real-time data which is the preserve of established vendors such as Reuters, Bloomberg and

Dow Jones. Quote.com, a Bay Area start-op, says it is offering a service that uses Java technology to constantly update prices and charts supplied to customers

Although they still target Individual investors rather than the traders who are the main customers of real-time financial 3,600kbps. That means they information, Quote.com and other new entrants represent a long-term threat to the established **But multimedia products**

vendors. Dow Jones, US: tel 212 416 3782; web http:// bis.dowiones.com

IBM unveils unbreakable code plans

IBM says its cryptography researchers have developed a truly unbreakable

Tha strongest encryption technology in commercial use at present is 128 bit, which means the keys used by the sender and the recipient are each 64 characters long. A supercomputer would take years to crack a messa coded in this way, but it would be possible.

IBM says that its new technique, which has more scientific than practical use at present, eliminates even this theoretical

IBM, US: tel 914 765 1900; ajtai@almaden.ibm.com

Watching Brief is compiled by Nicholas Denton, e-mail nick.denton@FT.com; fax UK (0)171 873 3196.

No local touch.



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with none of the local dissonance. The only multi-branch Turkish bank awarded longterm A rating three years in a row by Capital Intelligence. The highest rated emerging market hank hy Thomson Bankwatch. The Turkish bank whose high regard among international financial community generated \$1 hillion in funding facilities in 1996. The Bank that has completed several asset backed

securitization programmes with maturities 5-7 years. The Bank that was selected as the "Best Bank of

Turkey" by Euromoney for 2 consecutive years. Then again, if you think your correspondent in Turkey should also have local strength, who could he a better choice than a hank that handles 9.0% of Turkey's exports? A bank that handles 4.2% of Turkey imports. A hank whose foreign currency transactions totaled \$16.5 billion in 1996. A correspondent bank with global standards and local power.

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BT launches \$1bn 10-year offering

INTERNATIONAL BONDS

By Edward Luce and Richard Lapper

British Telecommunications yesterday issued what will spread move in." probably be its final largescale dollar bond, in an offering that dwarfed the day's other issues.

The 10-year \$1bn bond. priced to yield 26 basis suries, followed on from BT's five-year \$1.5bn offering last month. It was its first 10-year bond since 1989. BT said the proceeds

would help finance the impending launch of Concert a joint venture with MCI, the US telecoms group. Officials at Goldman Sachs

and Merrill Lynch, joint lead arrangers, said the deal was targeted heavily at institutional funds. By contrast, about 30 per cent of the fivevear offering was taken up by retail investors.

weeks in spite of the tradi-

the curve. "BT is a pretty rare name in the the corporate market," said one, "And it has strong growth prospects, so we expect to see the

An official at Merrill Lynch said some of ths paper had been sold beck during the day but it was expected to be sold out by the end of the week. About market with the remainder going to large continental European markets and Asia. KANSAl ELECTRIC, Japan's second largest elec-

tric utility, captivated the Dutch market with the largest non-soversign guilder issue by an overseas borrower. The Fl 1bn offering. underwritten by ABN Amro. was only the second Japanesa guilder bond after Japan Municipal Finance's foray earlier this year.

Syndicate officials said the Kansai issue, priced to yield Bankers expected the deal 21 basis points more than 10to tighten in the next few year Dutch government tional lack of spread move- at Dutch institutional inves- Zealand government bond

ment et the 10-year end of tors. "We also saw some buying from French investors who obviously get some yield pick-up from the French OAT curve," said an official in Amsterdam.

Kansai Electric was apparently swayed in favour of guildsrs by the fact that Dutch institutional funds have been unusually cashrich since the downturn in the Treasury market at the 40 per cent went to the UK end of April. There is also a ecarcity of supply in the Dutch market, with ths Dutch government having almost completed its funding requirements for 1997. "This is the perfect time to issue in guilders," said an official. "The market is as liquid as its going to get."

New Zealand dollar market ticking over with a NZ\$100m issue underwritten by Hambros and Commerzbank. Officials said the issue, priced to yield 32 basis points over three-year New Zealand government bonds, had been boosted by a 10 bonds, was targeted mostly basis point rally in the New

COMMERZBANK kept the

US DOLLARS 93.722R May 2007 0.325R +25(6)4May07) Goldman/Merrill Lynch (n1) Oct 2003 Merrill Lynch (n2) Merrill Lynch (n3) 89.823R Jun 2002 0.25R +11(6)4Apr02) Merrill Lynch (nt) 99.73R May 2002 0.175R Merrill Lynch (nt) 100.00 Jun 2002 2.50 CSF8 Perioss E YEN 1.50 Mitsubishi Elec Fin America+ Sangue IBJ/Paribas 5.75 99.721R Jun 2008 0.325R ort-Import Bk of Japan M. PURLAN LIFE 200bn 7.10 101.695 Jun 2002 1,875 Bayerische Hypo(e.f) 5.75 99.532R May 2007 0.325R Argenta Nederland 2bn 5.10 100.00 Jun 2002 1.75 BCEE Commerzbank 100 7.75 101.075 Jun 2000 1.50 Hembros Bank 7.5bn (fr) 100.00 Jun 2002 0.25 EBRD 7on zero 8.15R Jun 2027 0.10R - Toronto Dominion Bank European Invirnent Bankig) 100 18.50 100.75 Jun 1999 1.125 City of Buenos Aires(h) 10.50# 99.854R May 2004 1.00R

market overnight. Strong two issues catching the eye. re-offer price of Libor flat. demand was reported from WACHOVIA BANK of ARGENTARIA GLOBA demand was reported from Swiss and German investors. Uncertainty about interest rate moves provided the

that came to the euromarkets for the first time last

ARGENTARIA GLOBAL North Carolina, the US bank FINANCE, the financing arm of the Spanish bank, made its debut in the D-Mark secbackcloth for a busy day in year, launched a \$350m five- tor, meanwhile, with a fivethe floating-rate sector with year deal at a spread on its year DM300m offering.

okyo ct ICI pays big premium for **Unilever loan**

By Edward Luce

Imperial Chemical Industries is paying an unusually high interest rate premium on the \$8.5hn loan it has arranged to finance its acquisition last per cent. week of Unilever's chemicals business. The deal will be Europe'e largest syndicated

ICI will initially service the debt at a rate of 55 basis markets. points - 0.55 percentage points - over Libor, the London interbank offered rate. This is more than four times higher than the spread ICI negotiated on a \$2.1bn syndicated loan in January.

Bankers in London said that ICI had agreed to pay an unusually high premium for the loan to reflect the unprecedented size of the deal and the risks attached to ICI's ambitious restructuring plans.

"Ws are surprised and delighted at the margins on this loan " said a hanker not involved in the deal yesterday. "This is the first deal in a long tims where we've seen spreads rise rather than

ICI will pay more than twice the spread negotiated by ssveral east European banks on recent deals in Europe's syndicated loan market. It is at least three times higher than the spread which British Telecommunications and MCI are reported to have negotiated on e loan to fund the launch of their

Concert joint venture. However, under the deal. which was negotiated with ICI'e repayment costs will

has disposed of various noncore assets. According to this "ratchet" formula, ICI must cut its interest rate cover - interest costs as a proportion of operating profits - from 25 per cent to 20

The deal, which will eventually involve a syndicate of more than 40 banks, also allows for the sale of the ICI loan in the secondary debt

"This is a very unusual deal which reflects the fact that ICI is about to undergo a transformation," banker in London said. "The risks are higher than on s straight syndicated loan and the spreads reflect that." Sir Ronald Hampel, chair-

man of ICL said last week that the group would probably dispose of its 62 per cent staks in ICI Australia, its Tioxide pigments operations, and perhaps its fertilisers and petrochemicals business. Analysts say ICI needs to make disposals worth £5.5bn (\$8.9bn) to finance the acquisition.

The cost of the syndicated loan reflected ICI's unusually steep gearing ratio of more than 1,000 per cent and the large size of the deal. analysts said. The "transferability" clause, which allows the creditors to sell the debt on the secondary market, is also considered innovative.

"Normally the borrower must be consulted before debt can bs sold off to another bank," one analyst said, "But this deal allows the syndicate to securitise the loan without consulting Goldman Sechs, Midland ICI." The clause is expected Bank and SBC Warburg, to help boost the creation of a secondary dsbt market in

99.98 99.80 99.85 99.81 100.05 99.81 100.10 100.42 100.42 100.25 99.98 90.38 90.38 100.06 100.05 100.05 100.05 100.05 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38 90.38

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HENEY FATES

A CHOSS RATES.

Prospects for Emu lift Spanish bono prices

0-24 0-59 1-44

Jul 0-58 1-25 1-59

Aug 1-19 1-50 2-24

GOVERNMENT BONDS

By Michael Lindemann in London and Jane Martinson in New York

European and US bond markets were sluggish yes- 107 points at the end of last terday after a spirited start

to the week. SPANISH BONOS were ended higher as investors There was little reaction to reflected on Spain's April inflation, which rose improved chances of joining 0.1 per cent, in line with the first wave of European expectations, but markets sawed during the day, setmonetary union next year. again took heart from an

inflation data, published the French centre-right todey, would be low also heading for victory in the helped market sentiment.

The 10-year yield spread of bonos over bunds tightened another 3 basis points to a record 83 points, down from year. The bono future settled at 115.77, up 0.05 on the day. FRENCH OATS ended

polls later this month. The June notional future settled at 130.38, having

UK GILTS saw some action at the short end as the Bank of England inflation report hinted at the need for another interest one of the few markets that close to intraday highs. rats rise, possibly after Labour's mini-budget expected in early June.

The Juns long gilt seething 表 lower at 114县.

tion. Mr Andrew Roberts. gilts analysts at UBS, said there had been 170,000 daily contracts on the June gilt future the day before the election, but that 230,000

contracts traded yesterday. Conflicting economic data kept US TREASURIES flat in mid-session as the market digested recent gains. The benchmark 30-year bond was unchanged at 96th with the vield et 6.885 per cent.

However, prices had fluctuated during the morning.

significantly since the elec- retail sales had fallen ini- said the regional survey, tially caused some buying, normally less important although the figures were in line with expectations. Prices then fell after a survey was published showing

> in the south-eastern US. The uncertainty spread across the market: the twoyear bond was unchanged at 110 , yielding 6.202 per cent, while the 10-year bond lost 1 to 9982, lifting the yield slightly to 6.655 per cent. Mr Kevin Logan, chief investment strategist at

He expected weaker demand in the run-up to next week's meeting of the Federal Reserve's Open Markets Committee in spite of economic data which are expected to help dampen inflation fears. "People are apprehensive ebout buying bonds at these levels right in front of the meeting."

than other economic data.

ment in a jittery market.

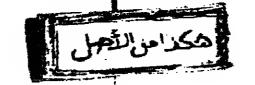
had helped depress senti-

Expectations	that	Api	т ори	поп р	OIL, W	nich s	nowea	A OT	umes ha	ive bick	ed up	Mont	ыу да	ta sug	gesting	Dresdner Kleinwo	rt Bens	son,		Le	x, Page	14 1 fal	1 to 40 b	asıs po	ints aft	ter it sy	noicateo	i loans.	
WORLD BO	ND P	RICE	s																										
BENCHMAR	K GOV	Red		Day's			Month ago	Strike Price	Jun Jun	Jul .	LS	Sep Ji	ın "kı	PUTS	Sep	FTSE Actuar Price indices UK Gibs	Tue	Day's	Mon 6 May 12	Accrued Interest	xd adj. ytd							- High o	Indices supon yield ay 12 Yr. ago
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Ireland Italy Japan No 145 No 182 Netherlands Portugal Spain Swedert UK Gätta		02/07 03/02 09/05 02/07	96.8700 119.8234 103.4542 101.0000 119.9500 105.3800	+0.200 +0.640 +0.200 +0.640 +0.200 +0.200	6.57 7.20† 1.78 2.50 5.81 6.44 6.55 7.00	8.67 7.31 1.71 2.42 5.63 8.61 6.71 7.14	6.96 7.85 1.46 2.19 5.92 7.06 7.22 7.47 7.40	Jun Sep	Open 129.32 129.55	Sett price 129,72 130,01 NO (81P) FU	Change +0.42 +0.43 TURES OP		Low 128,87 129,20 FE) Lira200n	165 100ths of 10	113865 6946	7 Over 5 years (10) 8 All stocks (12) Average gross redumption y FT Fixed Interest	Indice	s	205.09 - 197.64 197.35 . Coupon Ban			Gili	3.54			3. ylekt. yed Yess COS		3.60	7 May 6
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Open Jun 130-26 Sep 126.72 Dec 98.14 LONG TERM R	Sett price 130.38 128.82 98.24	+0.08 +0.08 +0.08	High 130.56 128.84 98.14	Low 130.20 128.86 98.14	Est. vol.	Open int. 160,503 11,682	Jun Sep	Open 96.20	Sett price 96.00 95.62		00,000 High 96.20
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Dec	98, 14		.24	+0.08		98,14		8.14	2	-	S	ep		-	95.6	2 +0.06	-	-	-	-
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130	0.7	2	0.34	4	0.74		0.34		-	-	S	ep qe	10	9-27	109-2	29 -0-03	110-09	109-25		64,796
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CURRENCIES AND MONEY

Tokyo changes tack on the dollar

By Simon Kuper

The dollar's week-long dive to DM1.697. ended yesterday after Japanese officials hinted that it had gone far enough.

The dollar, which has lost 7 per cent of its value against the yen since May 5, firmad slightly after Mr Hiroshi Mitsuzuka, Japan's finance minister, told a parliamentary committee that exchange rates would probably settle at an appropriate level soon. Mr Yutaka Yamaguchi, the Bank of Japan's executive director, said the currency market should sta-

bilise. But the dollar was undermined by a fall in US April retail sales. Mr Robin Marshall, chief economist at Chase in London, said traders would now be surprised if the Federal Reserve raised interest rates after Tuesday's Open Market commit-

tee meeting.

The dollar recovered Y0.5 early in the day, but later

inflation target of 2.5 per than expected. cent in the medium term. Last week's 25-basis-point ■ Tokyo does not want too

to the report. The pound gained 0.7 cents against the dollar to \$1.632 international economist at D-Mark to DM2.770.

Stay 13	Intest	- Prev. cios
E apot	1.6335	1.6235
1 auth	1.6327	1.6226
3 periode	1,6310	1.6212
1 yr	1.6240	1.6248

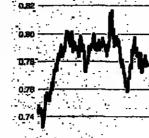
against the yen to close in rallied to close at NKr4.136. London at Y119.0, but fell 0.3 It gained on rising oil prices Mennigs against the D-Mark and a revised 1997 budget, which showed a growing

Sterling gained on the current account surplus and Bank of England Inflation an upgraded forecast for eco-Report which said that inter- nomic growth. The Austraest rates would probably lian dollar fell after the have to rise "in the months country's hudget yesterday ahead" for the UK to hit its included fewer speoding cuts

rise in base rates to 6.25 per strong a dollar. But yester-cent had been only "an day's comments suggest it appropriate step", according does not want the currency too weak either. Mr Steveo Englander.

and 0.7 pfennigs against the Smith Barney in Paris, said: D-Mark to DM2.770. "The Japanese are going to sterling's long rise. Yester-The Norwegian krone hit a back and forth the market day's Inflation Report said interest rate differentials NKr4.19 against the D-Mark were surprised that the yen and differences between UK rose as fast as it did. In cen-_ tral bank heaven, the dollar goes down, but not very far very fast." Smith Barney believes chances are high thet Japan will raise interest rates soon.

·Australian dollar Against the dollar (\$ per A\$)



■ The Bank of England has changed its explanation for accounted for about a third of the pound's gains since August — "a little more" than the weight the Bank had attached to these factors in its February report. The

May 13

of sterling's rise; in February rate rises will be needed. oil was thought to have been

a major factor. worries over European monrise is oow thought to have been due to temporary interwas helieved hefore, "a rates would rise in the short greater proportion of the term. exchange rate appreciation is expected to be reversed".

If the pound is going to fall,

E OTHER CURRENCIES

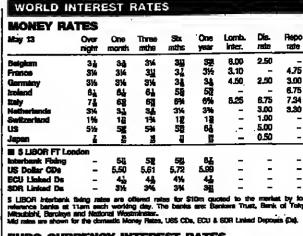
DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Bank now says the oil price then it cannot combat infla-"cannot account" for much tion in the medium term. So

The report prompted a rise in UK interest rate expecta-The Bank acknowledges tions, so short sterling cooother forces, such as the tracts fell. The March 1998 UK's safe haven status from contract lost 7 basis points to price in base rates of etary union, and the per- about 7 per cent. Mr Klaus ceived rise in quality of UK Baader, senior currency exports. But it concludes: economist at Deutsche Mor-"Part of the recent apprecia- gan Grenfell in London, said tion of sterling was purely money markets were at last erratic." And as more of the grasping that if the Bank was going to be tough on inflation, with its new powest rate differentials than ers to set monetary policy,

> ■ "Our dollar policy has been sound and sensible and well-articulated many times," Mr Robert Rubin, US treasury secretary, told a news conference yesterday "There has been no chang in our policy."

Mr Al Gore, the vice pres dent, added: "Good crypti answer, Bob."



EURO CU	RRENC	Y INTE	REST	RATES		
May 13	Short	7 days notice	One	Three months	Stx months	One year_
Beigian Franc Denish Krone Germen Mark Dutch Gulder Franch Franc Portuguese Eso. Spanish Peseta Sterling Swiss Franc Canadian Dollar US Dollar Italian Lira. Japanese Yen Asian \$5ing Short term rates a III THRIBE INO	3½ - 3½ 3½ - 3½ 3½ - 3½ 3½ - 3½ 5½ - 5½ 5½ - 5½ 1¼ - 1¾ 3½ - 2½ 5½ - 5½ 6 - 7 12 - ½ 3½ - 3½ 12 - ½	7-12 - 7 0-12 - 0-1 ₂ 3-5 ₃ - 3-1 ₂ no US Dollar	613 - 613 013 - 03 314 - 312 and Yen, of	113 - 114 311 - 34 512 - 52 614 - 64 012 - 64 43 - 37 hers: two day	314 - 32 314 - 32 315 - 32 315 - 32 315 - 32 512 - 52 52 - 52 53 - 52 53 - 54 512 - 64 612 - 612 32 - 32 613 - 34 614 - 34 615 - 34 616 - 34 617 - 34 617 - 34 618 - 34	316 - 316 316 - 317 317 - 317 317 - 317 517 - 318 517 - 518 518 - 518 618 - 618 618 - 618 618 - 618 618 - 618 618 - 70 618 -

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	Open	Sett price	Change	High	Low	Est. vol	Open in
Jun	96.48	96.51	+0.01	96,53	96.48	30,565	57,053
Sep	96.53	96.57	+0.03	98.58	96.53	20,377	60,733
Dec	98.52	96.54	-	96.55	96.51	7_969	37,759
II THRE	E MONTS	EUROMA	RK FUTI	JACES (LIF	TE) DM1	n points of	100%
	Open		Change	_	Low	Est. vol	
Jun	96.78	96.80	+0.02	96.80	96.78	12759	230717
Sap	96.75	96.76	+0.02	96.76	96.74	14586	212932
Dec	96.62	96.65	+0.03	96.65	96.63	17012	237761
Mar	96.50	96.54	+0.04	98.54	96,49	10492	191301
ONE !	BONTH E	UROMARI	C PUTUR	es (LiffE)* DM3m p	points of 10	20%
	Open	Satt price	Change	_	Low	Est., vol	Open in
May	96.63	96.83	+0.01	96.83	96.82	100	4168
العالم	96.81	96.82	+0.01	96.82	96.81	350	935
.hu	-	96.80	+0.01	-	•	a	300
Aug	-	96.79	+0.01		-	0	5
E THERE	E MONTH	EUROLIA	A FUTUE	RES (LIFF	E)* L1000n	n points of	100%
	Open	Sett price	Change	High	Low	Est, vol	Open in
Jun	83.25	93.25	+0.01	93.28	93.16	17852	109413
Seo	93.57	93,56	-	93.58	93.52	19195	80803
Dec	93.70	93.71	+0.01	93.72	93.66	9815	55041
Mar	93.75	93.77	+0.03	93.78	93.71	4972	34135
e tiree	MONTH 2	JRO STATES	FRANC FL	TURES (L	FFE) SFriet	points of 10	0%
	Open	Sett price	Change	High	Low	Est, vol	Open in
Jun	98.21	98.24	+0.03	98.25	98.16	6620	49539
Sec	98.20	98.23	+0.03	98.24	98.16	6681	35612
Dec	98.07	98.11	+0.04	96.11	98.06	3051	24358
Mar	97-97	98.01	+0.04	98.02	97.96	1485	9469
■ TIRE	E MONTH	EUROYE	N FUTUR	es (LPFE	7100m p	points of 10	20%
	Open	Sett price	Change	High	Low	Est, vol	Open in
Jun	99.32	99.32	+0.02	99,32	99.32	100	n/a
Sec	00.00	99.12	+0.02		-	0	n/a
Dec	98.87	98.87	+0.02	98.67	98.87	100	n/a
		ECU FUT		FPE) Ecu1	Im points	of 10096	
	Open	Sett price	Change	Nigh	Low	Est. vol	Open In
Jun .	95.84	95.86	+0.04	95.87	95.83	711	7396
Seo	95.84	95.87	+0.05	95.87	95.82	389	5733
Dec	95.78	95.80	+0.06	95.83	95,76	142	5637
Mar	95.69	95,71	+0.05	95.71	95,69	645	3643
· LIFFE fub	ured aloc to	nded on APT					00.0
Strike			LS	ponati	- 100,0	PUTS	
Price				Dec	Jun	Sep	Dec
9325	0.1			.64	0.13	0.15	0.19
0050	0.0			47	0.13	0.23	0.18

POUND SPOT FORWARD AGAINST THE PO UK† Ecu SDR 1.4221 +0.0008 212 - 229 1.4267 1.4110 1.4194 2.2 1.4135 2.4 1.3884 2.5 Australia (A\$) 2.0995 +0.0132 983 - 009 2.1009 2.0884 2.099 0.3 2.0971 0.5 2.0871 0.6 95.2 Hong Kong (HtS) 12.8313 +0.0488 270 - 356 12.6468 12.5216 12.6253 0.6 12.6147 0.5 12.58 0.4 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.2644 204 - 379 58.5379 57.9870 - india (Pa) 58.4782 +0.04 471 - 804 5.5604 5.5471 - india (Pa) 4.1055 +0.0273 0.54 - 0.96 4.1120 4.0996 - india (Pa) 5.2499 +0.0132 470 - 506 2.3508 2.3227 2.3487 0.1 2.3497 -0.1 2.3569 -0.3 114.4 Philippinan (Peso) 48.0382 +0.013 430 - 461 2.3461 2.3224 - india (Pa) 5.2446 +0.013 430 - 461 2.3461 2.3224 - india (Pa) 5.2446 +0.013 430 - 461 2.3461 2.3224 - india (Pa) 5.2446 +0.013 430 - 461 2.3461 2.3224 - india (Pa) 4.53881 +0.2298 714 - 807 45.3807 44.9212 - india (Pa) 4.53281 +0.

24.8	Belgium Denmark Finland France	(BFr) (DKr) (FW) (FFr)	5.0300 6.4826 5.1169	-0.0132	100 - 500 916 - 636	35.2250 6.5058	34.9250 6.4545	34.955 6.4508	2.6 2.2	34,8 6,4261	2.5 2.3	34.08 6.3141		103.2 105.3
32.4 36.3 34.8	Finland France	(FM)	5.1169			6.5058	6.4545	6.4500	22	R 4201	22	E 7141	24	105.3
36.3 34.8	France			V U333				0.7300	~~	0.720		0.0141	2.0	1000
14.8		(EEA			131 - 206	5.1529	5.1103	5.105	2.8	5.0806	2.6	4.9724	2.6	61.7
		,	5.7164	-0.0156	150 - 177	5.7534	5.7100	5.7047	2.4	5.882	2.4	5.5889	2.6	105.6
E 2	Germany	(DM)	1.8972	-0.0032	969 - 675	1.7086	1.6950	1.6935	2.6	1.6858	27	1.6489	2.8	104.3
~~	Greece	(D1)	270,780	-0.86	710 - 610	273.020	269,240	271,645	-3.9	273.185	-3.6	279.46	-32	64.8
8.8	Ireland	623	1.5170	+0.0004	160 - 160	1.5205	1.5077	1.5163	0.5	1.5157	0.3	1.5125	0.3	-
6.2	Italy	(L)	1679.00	-7.45	830 - 970	1693.50	1676.75	1680.9	-1.4	1683.5	-1.1	1695.88	-0.4	75,7
3.2	Luxembourg	(LFr)	35.0300	-0.0865	100 - 500	35.2260	34,9250	34.955	2.6	34.8	2.5	34.06	2.8	103.2
2.9	Natherlands	(FB)	1.9089	-0.0039	085 - 093	1.9207	1.9063	1,9048	2.6	1,8962	2.7	1.8558	2.8	102.7
9.0	Norway	(NKI)	7.0204	-0.072	179 - 229	7.1374	7.0179	7.0031	3.0	S.8777	24	6.8516	2.4	97.5
4.3	Portugal	(Es)	170,725	-0.62	700 - 750	171,350	170,200	170.71	0.1	170.645	0.2	169.335	D.B	94.8
7.8	Spein	(Ptai	143,450	-0.395	400 - 500	144,360	143,230	143.45	0.0	143,373	0.2	142,115	0.9	77.5
8.8	Sweden	(SKn	7.6686	-0.0167	648 - 723	7,7194	7.6548	7.6592	1.5	7,6386	1.6	7,5441	1.8	83.6
	Switzerland	(SFr)	1.4367	+0.0011	362 - 372	1,4395	1.4305	1,4316	4.1	1.4221	4.1	1.3784		194.6
	UK	(2)	1.6316		314 - 324	1,6340	1,6175	1.6311	8.0	1,6294	8.0	1.6236	0.5	98.3
	Ecu		1,1476		472 - 479	1.1488	1_1384	1.146	-1.5	1_1524	-1.7	1_17	-20	
	SDRt	-	0.72137							-		•	_	
	Americas													
	Argentina	(Peso)	0.9999		998 - 969	0.9990	0.9998							
	Brazil	(FISS)	1.0672		671 - 672	1.0680	1.0671				-		_	
	Canada	(CS)	1.3872		869 - 875	1.3891	1.3863	1.3842	2.6	1,3797	2.5	1.3597	2.0	83.9
		v Peso)	7.9050		000 - 100	7.9120	7.9000		-1S.5	6.215	-15.7		-16.5	-
	USA	(5)			- 100									194.4
	Pacific/Middle		-											
	Australia	(AS)	1,2866	AN 0025	862 - 870	1,2870	1,2854	1,287	-0.4	1.2871	-0.2	1.2861	0.0	98.5
	Hong Kong	(I-BKS)	7.7403		400 - 405	7.7435	7,7390	7.7413	-0.2	7.7428	-0.1	7.7528	-0.2	30.5
	india	(Ha)	35.8350		100 - 600	35.8600	35.8100	35,929	-30	36.21	42	34,015	5.1	
	israel	(Shk)	3.4033		002 - 063	3,4063	3.3032	004024	-0.2	~~.		- W 14	~:	
	Japan	(3)	119.000		950 - 050	119.650	118,450	118,445	5.6	117.34	5.6	112.44	5.5	12B.6
	Malayala	(1/45)	2.5170		166 - 175	2.5185	2.5110	2.5192	-1.1	2.5234	-1.0	2,5403	-0.8	11-1-10
	New Zeelend	(NZS)	1.4394		386 - 401	1,4401	1,4382	1,4402	-0.7	1,4426	-0.9	1.4527	-0.9	
	Philippines	(Peso)	26.3700		500 - 900	26.3900	26.3500	127702	~	17-20	-	1,742.	70.0	
	Saudi Arabia	(SFO	3.7505		504 - 506	3.7506	3,7504	3,7508	-0.1	3,7513	-0.1	3,7542	-0.1	_
	Singapora	(8\$)	1.4367		362 - 372	1,4972	1.4350	1.4351	1.4	1.431	1.6	1,4002	1.8	
	South Africa	P	4.4665		650 - 680	4,4680	4.4610	4.506	-10.6	4.5835	-10.5	4.8815	-9.3	
	South Korea	(Won)	892,750		000 - 500	895,500	890,000	7444	-10.0	***************************************	-10	4,0010	-525	
	Talwan	(12)	27.7750		500 - 000	27,8000	27,7500	27,7756	0.0	27.777	0.0	27.7312	0.0	
	Thellend	(Bt)	25,8940		290 - 390	25,9600	25.9000	25,0953	-2.8	26,119	-2.9	26.689	-2.8	
	SDR rem per													
and a	r Sum raw per quoted to the m 12: Base avera; The exchange n	nanket but pe 1880=	t are implie 100,	d by curre	ent inverest (m	tes, UK, Ire	land & ECX	946 chross	d in US	currency. J	.P. Mor	gan nomba	i Indica	s May

Seligiam Seri 100								_				_						_	
Melay 13 BFY DNC FFY DNM St L FI NNC Es Pta SNC SFY E C\$ S Y E Delogism (BFY) 100 18,45 18,32 4,846 1,882 4768 5,449 20,04 467.4 409.5 21.88 4,101 1,749 3,960 2,855 339.7 2,000 2	CROS	S RA	TES AN	D DE	RIVA	TIVES	9												
September Sept	EXCHA	NGE	CROSS	RAT	ES														
Pervinarix (DKV) 54.20 10 8.845 2.826 1.020 2898 2.954 10.96 28412 2220 11.87 2.223 0.948 2.147 1.547 184.1 1. Trance (FFC) 61.29 11.31 10 2.969 1.153 2837 3.339 12.28 281.7 250.9 13.42 2.513 1.072 2.427 1.749 2082 1. Trance (FFC) 61.29 12.31 10 2.969 1.153 2837 3.339 12.28 281.7 250.9 13.42 2.513 1.072 2.427 1.749 2082 1. Termenry (DM) 20.04 3.806 3.989 1 0.385 293.3 1.125 4.138 100.6 34.52 4.516 0.847 0.261 0.317 0.569 70.12 0. Tably (1) 2.060 0.385 0.340 0.101 0.099 100 0.114 0.416 10.17 8.544 0.457 0.006 0.037 0.083 0.060 7.088 0. Tetherlands (F) 18.35 3.388 2.995 0.889 0.345 679.8 1 3.578 89.44 75.15 4.017 0.753 0.321 0.727 0.524 62.34 0. Tortugal (Es) 20.52 3.765 3.346 0.994 0.386 983.5 1.116 4.112 100 84.02 2.045 0.873 1.976 1.424 189.5 1. Tetherlands (FI) 24.24 4.505 3.985 1.183 0.460 1170 1.331 4.894 1180 100 5.346 1.002 0.472 0.987 0.896 68.70 0. Tetherland (FFC) 24.24 4.505 3.985 1.183 0.460 1170 1.331 4.894 1180 100 5.346 1.002 0.472 0.987 0.897 82.96 0. Tetherland (FFC) 24.24 4.505 3.985 1.183 0.460 1170 1.331 4.894 1180 100 5.346 1.002 0.472 0.987 0.896 68.70 0. Tetherland (FFC) 24.39 4.489 3.979 1.101 0.459 1169 1.329 4.896 118.8 99.85 5.336 1 0.02 0.72 0.987 0.896 0.896 82.55 0. Tetherland (FFC) 24.24 4.505 3.986 1.183 0.460 1170 1.331 1.486 118.0 99.85 5.336 1 0.427 0.987 0.896 82.85 0. Tetherland (FFC) 24.39 4.489 3.979 1.076 2.740 3.115 11.46 274.6 234.1 12.51 2.345 1 2.264 1.532 194.2 1. Tetherland (FFC) 24.39 4.489 3.979 1.076 2.740 3.115 11.46 274.6 234.1 12.51 2.345 1 2.264 1.532 194.2 1. Tetherland (FFC) 24.39 4.489 3.979 1.076 2.740 3.115 11.46 274.6 234.1 12.51 2.345 1 2.264 1.532 194.2 1. Tetherland (FFC) 24.39 4.489 3.979 1.076 0.699 1679 1.076 5.001 1.231 10.34 5.221 1.235 1.360 0.442 1 0.721 8.378 0.001 1.304 1	May	13	BFT	DIC	PTr	DM	15.	<u> </u>	PI	NKr	Es	Pta	SKr	SFr	£	C\$	\$	Υ_	Ecu
Trance (FF) 61.29 11.31 10 2.969 1.153 2937 3.339 12.28 296.7 250.9 13.42 2.513 1.072 2.427 1.749 208.2 1.26 208.7 1.27 1.27 1.28 296.7 2.509 13.42 2.513 1.072 2.427 1.749 208.2 1.26 208.7 1.25 1.25 1.25 1.25 1.25 1.25 1.25 1.25	telgium	(BFr)		18.45															2.488
Sermony CN0 20.64 3.806 3.898 1 0.386 999.3 1,125 4,136 10.05 259.0 21.78 11.83 2,179 0.390 2,104 1,517 180.5 1,319 (1) 2,098 0.385 0.340 0,101 0.039 100 0,114 0,416 10,17 8,544 0,457 0,096 0,037 0,083 0,090 7,098 0,000 0,00	erymerk	(DKr)		10															1.348
## 1.85 2.174 6.804 6.872 2.575 1 2.547 2.998 10.85 2.990 2.178 11.83 2.178 0.830 2.104 1.517 180.5 1. 2.899 1. 2.098 1. 2.098 1. 2.098 1. 2.098 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0.097 0.095 0																			1.524
2,088 0.385 0.340 0.101 0.039 100 0.114 0.416 10.17 8.544 0.457 0.086 0.037 0.083 0.090 7.088 0.000 7.080 0.000 7.080 7.080 7.000 7.080	iermeny	(DM)	20.64																0.513
September 18,35 3,386 2,965 0,899 0,345 879.8 1 3,676 96.44 75.15 4,017 0,753 0,321 0,727 0,524 62,34 0,00	elend	(123)	53.14	6.804															1.322
Convery Chify 49.90 9.205 8.143 2.416 0.839 2392 2.716 10 243.2 204.3 10.92 2.046 0.873 1.976 1.424 1.695 1.906	aly	(L)																	0.052
Ortugal (Es) 20.52 3.786 3.548 0.994 0.385 983.5 1.116 4.112 100 84.02 4.492 0.842 0.399 0.813 0.586 69.70 0.991 (Pta) 24.42 4.505 3.985 1.183 0.480 1170 1.331 4.884 1190 100 5.346 1.002 0.427 0.997 0.897 72.99 1.899 73.29 0.891 73.29	atherlands																		
polin (Pita) 24.42 4.505 3.985 1.183 0.460 1170 1.231 4.894 119.0 100 5.346 1.002 0.427 0.967 0.867 82.96 0.400dan (SKV) 45.68 8.427 7.454 2.213 0.860 2189 2.489 9.165 222.6 187.1 10 1.673 0.799 1.809 1.3004 155.2 1.400dan (SKV) 45.68 8.427 7.454 2.213 0.860 2189 2.489 9.165 222.6 187.1 10 1.673 0.799 1.809 1.809 1.525 2.480 9.165 222.6 187.1 10 1.673 0.799 1.809 1.809 1.525 2.480 9.165 222.6 187.1 10 1.673 0.799 1.809 1.809 1.525 2.480 9.165 222.6 187.1 10 1.673 0.799 1.809 1.809 1.809 1.809 1.809 1.809 1.809 1.809 9.85 5.338 1 0.427 0.965 0.696 62.83 0.400 1.200 0.400	lorway	(MKI)																	1.241
Second Si(r) 45.08 8.427 7.454 2.213 0.880 2189 2.489 8.155 22.26 187.1 10 1.873 0.799 1.809 1.304 155.2 1.	ortugal	(Es)																	0.510
Witzpriand (SFr) 24.38 4.498 3.978 1.181 0.459 1169 1.329 4.886 118.8 99.85 5.338 1 0.427 0.966 0.696 82.83 0. K (2) 57.17 10.55 9.329 2.770 1.076 2740 3.115 11.48 278.6 234.1 12.51 2.345 1 2.264 1.632 194.2 1. 254 2.525 4.559 4.121 1.223 0.475 1210 1.376 5.061 123.1 103.4 5.528 1.036 0.442 1 0.7721 85.78 S.A (5) 35.03 6.483 5.716 1.697 0.658 1679 1.909 7.020 170.7 143.5 7.659 1.437 0.613 1.387 1 116.0 0.00 0.00 0.00 0.00 0.00 0.00 0	pein	(Pta)		4.505															0,607
Second Columb St. Columb S	weden	(SKY)	45.68	8.427															1,136
PRINCE FUTURES (IMM) DM 125,000 per DM Open Littles Change High Low Est. vol Open Int. Open Cutes Change High Cutes Change High Low Est. vol Open Int. Open Cutes C	witzerland	(SFr)	24.38																0.607
SA (S) 35.03 6.483 6.716 1.697 0.686 1679 1.909 7.020 170.7 143.5 7.659 1.437 0.613 1.387 1 116.0 0.554 1.401 1.426 0.554 1411 1.604 5.900 143.5 120.5 6.444 1.207 0.515 1.186 0.840 100 0.500	K	(2)	57.17																1.422
### PROPRIES 1.00 1	anada	(CS)																	0.628
CU	SA	(3)	35.03	6.483															0.871
D-NARK FUTURES (IMM) DM 125,000 per DM	300	3																	0.732
D-MARK FUTURES (MM) DM 125,000 per DM	CIU	-	40.20	7.416	6.560	1,948	0.757	1927	2.191	8,057	195.9	164,6	8.800	1.646	U.7US	1,582	1.148	136.6	1_
D-MARK FUTURES (MM) DM 125,000 per DM	mish Kroner.	Franch F	renc, Narwegi	an Kroner,	and Sweet	ish Krono	per 10;	Bolgian Fe	enc, Yon, Ea	cudo, Lire	and Pasa	te per 100.							
## 0.5875 0.5910 +0.0037 0.5912 0.5886 42,637 82,353 Jun 0.8424 0.8415 -0.0016 0.8480 0.8400 52,156 79, 0.5934 0.5948 +0.0036 0.5948 0.5934 363 8,545 Sep 0.8580 0.8538 -0.0006 0.8590 0.8510 1,188 2,1 Sep 0.5934 0.5948 +0.0027 0.5987 - 157 467 Dec 0.8645 0.8959 - 0.8660 0.8645 86 73 Sep 0.7052 0.7052 0.7052 0.7079 +0.0031 0.7020 0.6968 31,283 45,635 Jun 1.8222 1.8294 +0.0070 1.8310 1.8224 8,214 37, 0.7052 0.7052 0.7079 +0.0034 0.7079 0.7062 297 2,391 Sep 1.8290 1.6270 +0.0070 1.8270 1.6230 121 1.0 Dec - 1.8240 +0.0068 1.8250 - 3 11 1.8224 0.7125 - 0.7145 - 80 438 Dec - 1.8240 +0.0068 1.8250 - 3 11 1.8224 0.7125 Dec - 1.8240 +0.0068 1.8250 - 3 11 1.8224 0.7125 Dec - 1.8240 +0.0068 1.8250 - 3 11 1.8244 0.7125 Dec - 1.8240 +0.0068 1.8250 Dec - 1.8240 D	D-MARI	FUTU	RES (IMM)	DM 125,	000 per	DM '				= 1	APAHE	SE YEN	FUTURE	S (IMM) Y	en 12.	per Ye	100		
1.058/3 0.5948 4.0.036 0.5948 0.5948 0.5934 363 3.545 Dec 0.8580 0.8580 0.8580 0.8580 0.8580 0.8510 1.188 2.1		Open	Leteist	Change	Hig	h L	OW (est. vol	Open int.			Open	Latest	Change	Hig	h L	OW E	st vol	Open Int
0.5834 0.5848 +0.0036 0.5848 0.5834 363 3.545 Dec 0.8685 -0.006 0.8580 0.8580 0.8510 1,188 2,1	-	0.5875	0.5910	+0.0037	0.59	12 0.5	5856	42,537	82,353	Jun	1	0.8424	0.8415						79,166
Dec 0.8845 0.8859 - 0.8860 0.8845 85 72				+0.0036	0.59	48 0.5	5834		8,545	Sep				-0.0006					2,171
0.6877 0.7005 +0.0031 0.7020 0.6968 31.283 45.635	MC)		0.5880	+0.0027	0.59	87	-	157	467	Dec	- 1	0.8645	0.8659	-	0.88	80 0.8	845	86	721
0.6877 0.7005 +0.0031 0.7020 0.6868 31.283 45.635		_																	
1.00	9C	TANC:	PITTURES.	dMM SE	125.0	00 per S	Fr			M 5	TERLE	e FUTU	RES (IM	VI) 262,50	O per £				
Dec 1.6240 +0.0068 1.6250 3 11 2 2 2 2 2 2 2 2	90	TANG						Dd 000	45.005							10 1 f	224	9 214	97 160
UK INTEREST RATES ONDOM MONEY RATES ONE 7 days One Three Six One Ireland D.759895 197.398 195.547 -0.159 -0.43 2.45	swise i	0,6977	0,7005	+0.0031	0.70	20 0.6	968			Jun		1.6222	1.6294	+0.0070	1.63				37,169 1,053
ONDON MONEY RATES ONDON MONEY RATES Over 7 days One Three Six One Ireland D.798708 0.759865 +0.000485 -4.86 7.22 over 18 Over 7 days One Three Six One Ireland D.798708 196.547 -0.159 -0.43 2.45	SWIBS I	0,6977	0.7005	+0.0031	0.70	20 0.6 79 0.7	1968 1062	297	2,391	Jun		1.6222	1.6294 1.6270	+0.0070	1.63	70 1.6		121	1,053
ONDON MONEY RATES Tates against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst Traines against Eou on day con. rate v weakesst	SWIBS I	0,6977	0.7005	+0.0031	0.70	20 0.6 79 0.7	1968 1062	297	2,391	Jun		1.6222	1.6294 1.6270	+0.0070	1.63	70 1.6		121	
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	K FUTUE											es (IMM)	Yen 12.5	er Yen 100		
	Open	Leteist	Change	High	Low	Est. vol	Open int.			Open	Latest	Chang	e High	Low	Est vol	Open Int.
Jun	0.5875	0.5910	+0.0037		0.5856	42,537	82,353	Jun		0.8424	0.8415				52,156	79,166
Sep	0.5934	0.5948	+0.0036		0.5934	363 157	8,545 467	Sep		0.8560	0.8538	-0.000	0.8560 0.8660		1,188 86	2,171 721
Dec	-	0.5080	+0.0027			197	-01									
N SW186	FRANC I	UTURES	(IMM) SF	125,000	per SFr			M 57) E PO. U	HO FUTU	RES (IM	M) Σ62,5	00 per £		_	_
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	ITERE		TES				_	May	13	Ecu c		Rate Inst Ecu	Change on day	% +/- from		
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May 13		Over- night	7 dzys notice	One month	months	Stx	One One	Port		197.3		96.547	-0.159	-0.43	2.4	5 3
								Floir		5.854		.89859	-0.00156	0.78	1.2	
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Bank Bills				64 - 64	BH - 64			Italy		1906.	-	934.53	-4,11	1.47	0,5	
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I BC clearion	benk bes	e lending	rate 614 pe	er cent from	m Mey 6,	1997		Fran		6.458		.58855	+0.00561	201	0.0	
			Up to 1		3-6	6-8	9-12	1								
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Carts of To	ex dep. (21	00.000)	. 212	5 ¹ 2	5	5	4%	Circo	CO	0.7931			-0.004482	-10.70	14.2	
			a 21 ₂ pc. Dep	posito withdi	men for our	sh 1 ³ 490. . Export Fina 1987. Schem		Fen ce	-	e cut by the	European	Commbelo	n. Currencies	ure in descent tesk currency.	ding relative s	trength.
						V 6.450pc. O points of		H P	HLAD	GLPHEA :	SE 2/\$	OPTION	231,250	cents per p	ound)	_
-	Open	Sett price		High	Low	Est. voi	Open Int.	Strike		44	-	us	Jul	Mey	PUTS —	العال العال
Jun	93.46	93,48	+0.03	93.50	93.46	14809	114067	Price		Mey		un 42	2.54	0.15	0.92	1.48
Seo	93.24	93.27	+0.06	53.30	93.24	27757 33812	101078 86111	1.616		1.39 0.73		.13 .57	2.04	0.41	1.35	1.98
Dec	93.08	93.14	+0.09	93.16 93.05	93.03 92.99	13959	59014	1,630		0.35		88	1.59	0.99	1.90	2.51
Mar	92.99	93.04 92.96	+0.10	92.96	92.91	11711	49088	Previo	us day'i	vol., Calls	1,551 Put	s 130 . Pro	w. day's ope	ın int., Calls 3	6,279 Puna	35,369
ĴUN Alem bereine	92,91 on APT. Al	Open ivite			us day.			1			n w			M82,500 (\$	ner DM	
								1 -		ELPHIA:			PINORS L	indstann fa		
E SHORT	STERLE	IO OPTK	NES (LIFF)	E) <u>2500,00</u>	O points o	f 100%		Strike		May		nu TTS	لين	May	PUTS —	Jul
Strike		CA	TT8			- PUTS Sep	Dec -	0.585		0.81		74	1.02	0.17	0.50	0.68
Price	Jur		-	Dec	JUS TUST	0.13	0.27	0.500		0.16	0.	49	0.77	0.43	0.78	0.92
9325	0.24		-	l 16 l 07	0.01 0.07	0.28	0.43	0.505		0.04		32	0.58	0.88	1.08	1.22
9350	0.05	n.	D1 0	na en	0.27	0.49	0.64	Previo	ne qeAy	vol., Call	6,140Put	1,454 . Pi	an-qaka ob	en int., Calls	27,213Pugs	e1,508
8375 =	U (Capte 00%	6 Pules 347	70. Previous	dey's open	int., Calie	178479 Pub	164364									
								W 77	WEE!	HONTH	EÚ/RÔD(HLAR (I	MM) \$1m p	coints of 10	0%	
								7 -		Open	Latest	Chang	e High	Low		Open Int.
								Jun		94.13	94.12	+0.96	94.14	94.11	58,900	473,667
•• .		DAC	E LENE	NING R	ATES			Sep		93.94	93.94	-	93.97	93.93 93.72	52,482 20,080	433,002
					*		*	Dec		93.74	93.73	-0.21	93.77	33.12	70,052	324,361
		% D	yncen Lawri	in 6.	95 Flow	d Bk of Scot	and 6.25	a 14	TRE	ASURY B	ALL FUT	URES (I	v#M) \$1m p	er 100%		
Adem & C		. OF F	reter Back I	inted 7	25 O Sin	ger & Fneci	andar 6.25	Jun		94.76	94.76		94.77	94.75	1,302	6.206
	Benk (GB)		nerotel & G	en Benk 7.	00 ⊕ \$π	Miner	188038.25	Seo		94.53	94.54		94.55	94.58	60	4,373
Of lenry Ar		0.05	Robert Flori	aing & Coß.	25 5000	ish Widows		Dec		-	94,50	_	-	-	-	_
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	eo Vizceya	THE PARTY NAMED IN	abib Bank A	IG Zurich 8.	25 Unik	d Bank of K	Pic 6.00		UROLL	ARK OPT	HOMES (L	JFFE) DM	1m points	of 100%		
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Bank of St			Hoere & C					9700					0.01 0.	20 0.21		0.25
Bardeys B		4.95 H	angkong &		 95 ≜ M	lembers of L	ondon	9725		Đ	0	0		45 0.45	_	9.49
Ball Blood N	and East	6.25 kg	vestec Barri	((내) 나이다	س ح س			ENL W	al. tabel.	Calls 2749	Puts 4N	D. Province	a davis ope	n int Colle 4	RISSAL Pute	274000

This notice is issued in compliance with the requirements of the London Stock Exchange. Application has been made to the London Stock Exchange for the Series A PERQS, which are based on the price of 75p Ordinary Shares of HSBC Holdings pic ("HSBC Ordinary Shares"), and which are issued by Morgan Stanley Equity (CL1) Limited and guaranteed by Morgan Stanley Group line, to be admitted to the Official List. It does not constitute an offer or invitation to any person to subscribe for or purchase any change. It is expected that I improve the location of first internal that I improve the property in the counter officitive and that any shares. It is expected that Listing will become effective and that dealings in the Series A PERQS based on the price of HSBC Ordinary Shares will commence on May 19, 1997. 2,000,000 SERIES A **PERQS** Preferred Equity Redeemable Quarterly-pay Shares based on the price of HSBC Ordinary Shares MORGAN STANLEY EQUITY (C.I.) LIMITED MORGAN STANLEY GROUP INC. Issue Price: 1,542.5 pence

The aggregate nominal amount of PERQS of all classes (including PERQS based on the price of HSBC Ordinary Shares) which may be issued is £5,000,000. Copies of the listing particulars are available for collection from the

Coppes of the using particulars are available for collection from the Company Amountements Office of the London Stock Exchange, London Stock Exchange Tower, Old Broad Street, London &C2N HiP during normal business hours for the two business days commencing with the date of this formal notice and during normal business hours on May 14, 1997 and up to and including May 28, 1997 from: Transfer and Redemption Agent: Listing Agent:

25 Cabot Square Canary Wharf Dated: May 14, 1997

Morgan Stanley Securities Limited Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP

NOTICE U.S. \$30,000,000

12.125 per cent. Negotiable Obligations due 1997

Banco Republica S.A.

(the "Securityholders", the "Securities" and the "Bank" respectively)

of the Early Redemption of the Securities on May 22, 1997 Notice is hereby given by the Bank to the Securityholders that, pursuant to and in exarcise of the option granted to it by Condition 6(2) of the Securities, the Bank will on May 22, 1997 (the "Redemption Date") redeem all of the Securities then outstending at their principal amount, together with interest accrued to but excluding the Redemption Date.

their principal emount, together with interest accrued to but excluding the Fadderigition Date.

The exercise by the Bank of its option to redeem the Securities results from the enactment in Argentina of Fedoral Act 24,507 on November 21,1985 (C.G. November 22,1985) (the "Act"). The Act requires (Inter-alia) that outsiturating bears securities lessed by Argentine companies be convented into registered from securities, and that failure to effect such conversion prior to May 22, 1996 will result in the imposition of actitional taxes on payments of interest and other amounts psyable with respect to the Securities, and the suspension of the estating extension interests and other amounts psyable with respect to the Securities, and the suspension of the estating extension from withholding taxes in respect of Internal paid on the Securities. Pursuant to Decree 547/98, the effective date of the Act with respect to the Securities has been delayed until May 23, 1997. The Bank has delivered to Chase Manhattan Trustees Limited (the "Trustee"), as the trustee for the Securities under the Trust Deed dated December 22, 1994 constituting the Securities and that such requirement of the enactment of the Act, on June 22, 1997 (long the next interest Psymont Date in respect of the Securities in the Securities and that such requirement cannot be avoided by the Bank taking reasonable measures aveilable to it. Accordingly, the condition in Condition 7 of the Securities and that such requirement cannot be avoided by the Bank taking reasonable measures aveilable to it. Accordingly, the condition and the securities have accurated.

in the above dicumulances, to the request of the Bank the Trustee has agreed with so the above carameteries, in the request of the bark the final management with the Bank that this notice of redemption, which is of a shorter period than that provided for in Condition 6(2) of the Securities, shall be given and be effective on condition that an appropriate compensatory emount shall be paid to each Security indicated and interest as returned to above, compensatory amounts of U.S. \$775 and U.S. \$7750 will be paid in respect of each Security in

the denomination of U.S. \$1,000 and U.S. \$10,000 respectively presented and surrendered for redemption.

Payments of principal, interest and compensatory amounts in respect of the Securities will be made upon and subject to the provisions of Condition 5 of the Securities will be made upon and subject to the provisions of condition 5 of the Securities against presentation and surrender of the Securities at the specified office of any of the Paying Agents set out below. Securities must be presented for redemption together with all relevant unwatured Coupons, failing which the full amount of any relation releging unneared Coupons will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned, and subject as provided, in Condition 5 of the Securities against presentation and surrender of the relative missing Coupon at any time before the exply of 3 years after the Redemption Date, but not thereefter.

PRINCIPAL PAYING AGENT The Chees Mankstian Bank Wookste House, Coloman Street, London EC2P 2HD, England OTHER PAYING AGENTS

nitetian Bank Lusembourg S.A. The Chr 5 Rue Placie 1081 - Bu Areneles 707 1081 - Buenos Alma, Argentina

The Chase Manhatten Benk for and on behalf of Banco Republics S.A. May 14, 1967

OCHASE



\$150,000,000 Floating Rate Notes 1999

The notes will bear interest at 6.625% per annum for the interest period 12 May 1997 to 12 August 1997. Interest payable on 12 August 1997 will amount to £166.99 per £10,000 note and \$1,669.86 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

0.30

Est. vol. total, Calla 2745 Puts 4059. Previous day's open int., Calla 489594 Puts 274899 IN EURO SWISS FRANC OPTIONS (LIFFE) SF: 1m points of 100%

 Jun
 Sep
 Dec
 Jun
 Sep

 0.07
 0.12
 0.16
 0.08
 0.14

 0.01
 0.04
 0.07
 0.27
 0.31

CALLS -

Est. vol. total, Calls 200 Puts (I, Previous day's open int., Calls 1476 Puts 1840

SEK AB Svensk Exportkredit Swedish Export Credit Corporation) (Incorporated in The Kingdom of Sweden with Inasted Rebiley)

U.S. \$200,000,000 Subordinated Floating Rate Notes due 2002

For the Interest Period 13th May, 1997 to 13th November, 1997, the Notes will carry an Interest Rate of 5.875% per annum with Coupon Amounts of U.S. \$30.03, U.S. \$300.28 and U.S. \$3,002.78 per U.S. \$1,000, U.S.\$10,000 and U.S.\$100,000 Notes respectively. The relevant Interest Payment Date will be

13th November, 1997. Bankers Trust Company, London Agent Bank

FIDELITY GLOBAL SELECTION FUND Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile B.P. 2174, L-1021 Luxembourg

NOTICE OF EXTRAORDINARY GENERAL MEETING

R.C. Luxembourg B 27 223

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Global Selection Fund (the "Fund") will be held at the registered office of the Fund in Luxembourg on May 23, 1997 at 11.00 a.m. to consider the following agenda:

1. To hear the report of the liquidator 2. To appoint an auditor to the liquidation.

If you are unable to attend the above Extraordinary General Meeting. you are urged to execute and return a proxy to the registered office of the Fund prior to the date of the meeting. Proxies can be obtained from the registered office of the Fund.



ALC: NOTE NO.

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Barcleys Bank 6.25
Bit Bk of Mid East 6.25
Citizenk NA 6

Cyprus Popular Bank 6.25 • Rea Brothers

COMMODITIES AND AGRICULTURE

Eramet postpones AGM until after election

By Kenneth Gooding, Mining Correspondent

Eramet, the metals group, vesterday turned the tables on the French government in the row over mining rights.

Mr Yves Rambaod, wbom the government is threatening to replace as chairman of Eramet, appeared to have won a tactical victory with the belp of institutional investors and employees.

The company said it had postponed its annual meeting at which Erap, the state holding company which owns 55 per cent of Eramet, intended to take con-

after the French general election. in which the second round of voting takes place on June 1.

ers are boping that there will be directors, appointed after the changes in the government and pressure for Mr Rambaod's 1994, had indicated they would removal will be removed.

Mr Rambaud bas been contesting the government's move to directors would also quit. strip his company of a nickel concession in New Caledonia, a move demanded by some nationalists in tha French overseas territory. The

for May 29, will now take place smelter with Canadian mining group Falconbridge, using nickel from an Eramet concession.

Mr Rambaud said yesterday Eramet's board and its support- that Eramet's three non-French Rambaud said. group was partly privatised in resign if Erap took control of the board, and most of the French

The non-French directors are Mr George Lowy, a New York lawyer, Mr Stig Ramel, former president of Sweden's Nobel Foundagovernment is backing a plan by tion; and Mr Wilhelm Scheider,

"We have a strong and courageous board and most of them are yesterday the management team not willing to stay if they are not allowed to be independent," Mr

Previously, two of Eramet's institutional investors, Fidelity and Templeton, which each bold about S per cent, warned that they might refuse to buy more shares in privatised French companies if the government forced changes at Eramet - a clear reference to the planned sale next month of a minority stake in France Telecom. Senior management resigna-

trol of the board and replace Mr SMSP, a company controlled by former director of the Krupp tions are also likely if Erap takes Rambaud. The meeting, ecbeduled Kanak nationalists, to build a group of Germany. Eramet secretary-general, said wanted Mr Rambaud to stay as chairman and for the strategy it had devised over the past 10 years to remain in place. If not, some would resign - or possibly be

> Mr Rambaud said Eramet had to postpone the meeting because there was confusion over the resolutions proposed by Erap, which in some cases were contradictory. In addition, institutional sharebolders and had put forward many resolutions that needed

fired by Erap.

these aim to ensure the future independence of an Eramet board.

Eramet employees are also demanding three seats on the board, as required under French law for state-owned companies. Mr Rambaud said employees previously had not forced this issue but had changed tack.

He said Eramet would have to call a special board meeting to yesterday after the Russian prepare proposals for the annual meeting but he did not know when the board meeting would be Japan on exports had held. Shares in Eramet closed yes- started terday at FFr296.30, up FFr3.30 or 1.1 per cent on the day.

fall back to \$2,417 at the end

of the afternoon'e session, a

Other base metals were

less busy: aluminium ended

the day unchanged, at \$1,670

per tonne: lead was down \$8.

at \$622 a tonne; zinc

improved by \$2 a tonne to

\$1,337; and nickel was

unmoved by reports of

delays at the Russian Arctic

port of Dudinka, and closed

The rally that took off to a

two-month high on Monday

eased yesterday as profit-

taking pushed prices down-

ward. Brent Blend for June

delivery was quoted at \$19.58

a barrel in late London trad-

ing, 14 cents down on Mon-

\$65 off. at \$7,770.

rise of \$8 on the day.

Russian talks hit platinum,

By Gary Mead

Platinum and palladium prices fell sharply in London export agency said that long-dalayed talks with

Almazjnvelirexport said deliveries of platinum group metals (PGM) "should start in the second half of June at the latest". However, some experts cast doubt on this prediction. "It finally looks like they [the Russians] might really get into gear, bnt it's an open question how soon they might start delivering," said one.

Mr Vitaly Berlin, director of the platinum group metals department at Almaz. said that "quantities of palladium for 1997 are sufficient enough to satisfy out clients' requirements and keep palladium prices at a

Russia is the biggest prodncer of palladium, essential in some antomotive catalysts and electronic equipment components, yet it has exported virtually none this year so far. This has left some organisations in Japan, the biggest consumer, struggling to cope.

Fears for the long-term Russian-Japanese relationship were being expressed vesterday.

"I'm sure the Japanese will now start talking to Sonth Africa to increase platinnm imports from there," said one Londonbased specialist.

"As for palladium, in the short term Japan can't do much, but I'm sure they will be exploring ways of developing substitutes."

The spot price in London for palladium yesterday retreated from the two-year high it achieved on Monday, falling \$3.50 an ounce to \$170; platinum also dropped, by \$7.25 to \$389,

77.77

Further setback for Foinaven oil field

development in the deep water west of the Shetland steel alloy used in structure. Islands has suffered another technical setback, with first production from the country's newest oil region now unlikely for three to four ing with until we get It to months.

British Petroleum, operator of the floating production system being used to develop the field, said yesterday final pressure tests of the part resting on the seabed showed in four of 48 valves. No oil was spilled during the tests, which used water.

Foinaven, which was discovered in 1992, was manifold back to the surface the "fast-track" developments which oil companies see as one of the main ways to reduce the cost of developing the relatively modest sized accumulations that are increasingly the norm for UK offsbore discoveries.

It had originally been due on stream early last summer but cracks appeared in the sub-sea manifold - the steel structure that sits on the seabed and to which the flow lines and control umbilicals to individual wells are con-

resulted from an "overactive" cathodic protection UK's first oil system that triggered chemical reactions in the exotic

BP said it was not clear what caused the current leaks in the manifold. "We won't know what we're dealthe eurface," the company said yesterday.

The delay will make a big dent in this summer's expected increase in production from the IJK sector of the North Sea. Foinaven output was expected to rise rapidly to an average of 95,000 barrels a day over its first year.

designed to be a model for is expected to cost several million pounds and is due to begin within a few weeks. The company also plans to recover five "Chrietmas

trees" that prevent well

The operation to bring the

blow-outs. They have valves similar to those that have leaked on the manifold. BP has been obsessive in its determination that there will be no leaks from Foinaven when production

finally begins. Greenpeace, the environmade Foinaven the focus of

nected. The original problem its latest campaign against oil developments in pristine

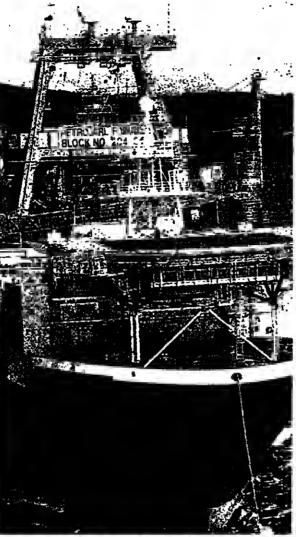
frontier areas. This week Greenpeace urged world leaders who will gather in New York for a special UN meeting on the environment next month to commit themselves to "begin a fossil fuel phase-out" in order to fight climate change,

"We're trying to close down the exploration arm of the oil majors," said Mr Marcus Rand, Greenpeace UK's climate change campaigner.

The group is expected to extend its campaign against developments such as Foinaven to other new frontier areas such as the Arctic and the Indian Ocean.

BP said yesterday the problems affecting Foinaven should not delay progress on its Schiehallion field, the second commercial oil development in the area. Although Schiehallion will also use a subsea production system, the design of the valves are different from those used at Foinaven.

The latest delay highlights the technical problems that can arise with deep-water developments that atretch mental pressure group, has undersea technology to its



The surface element of BP's production system being used to develop the Foinaven oil field west of the Shetlands

Bulls boost coffee prices the morning's "kerb" trad-ing, but profit-taking saw it

MARKETS REPORT By Gary Mead and Robert Corzine

The continuing strong bull market for arabica coffee futures in New York helped boost robusta coffee on the London International Financial Futures Exchange.

The benchmark July contract surged to a peak of \$1,835 a tonne - the highest since May 1996 - before quickly sliding back to \$1,829. It retreated further, to \$1.815, and closed the day at

that figure, a \$40 gain. The Liffe July contract has now risen by slightly more than 50 per cent since the start of 1997, though specialists point out that the gains are being driven more by technical than fundamental reasons, as supplies of robusta are plentiful.

Traders say the current frenzy is unlikely to abate before the Brazilian crop has survived the threat of possible winter frost.

Copper had an active day's trading on the London Metal Exchange, with the threemonth contract pushing stroogly towards \$2,440 a tially climbed to \$2,433 after Commodities page.

day'e close. Prices were softer in spite

of news that Shell bas been forced to cut production in Nigeria by at least 100,000 barrels e day because of unrest in the Niger River Delta. Unlike recent similar incidents, the 10 per cent cut in Nigerian output has not caused Shell to declare force majeure on exports from its Forcados terminal.

• London Metal Exchange tonne, a high point last stocks data now appear daily reached on March 7. It iniin the prices section of the

BASE METALS

COMMODITIES PRICES

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading) ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Cesh	3 milles
Close	1640.5-41.5	1667-68
Previous	1651,5-2.5	1675-6
High/low		1672/1658
AM Official	1633.5-34	1661-61.6
Kerb close	070 044	16 09 -70
Open int. Total daily tumovér	278,841 80,356	
E ALUMINOUM AL		nnej
Close	1495-500	1521-24
Previous	1500-05	1525-30
High/low		1527/1517
AM Official	1495-500	1527-28 1523-25
Kerts slose Open int.	5,494	1523-25
Total daily tumover	1.376	
E LEAD (\$ per tor		
Close	613.5-4.5	625-6
Previous	615-6	625-6
High/low AM Official	612-3	628/622 623-4
Kerb close	012-0	622-2.5
Open Int.	36,417	ULL 2.0
Total daily turnover	4,615	
MICKEL (S per t		
Close	7660-70	7765-70
Previous	7755-65	7860-70
High/low	7650/7655	7830/7750
AM Official	7650-55	7780-85
Kerb close		7770-75
Open Int.	48,760	
Total daily turnover	14,424	
TIN (\$ per tonne	1)	
Close	5670-80	5720-25
Previous	5825-35	5870-80
High/low	5699/5695	5860/5720
AM Official Kerb close	5692-95	5736-37 5730-35
Open int.	15,943	3130-33
Total daily turnover	4.248	
ZINC, special h	igh grade (\$ o	er tonne)
Close	1316-17	1335.5-36
Previous	1314-15	1333-34
High/low	1014-15	1339/1324
AM Official	1304-05	1325.5-26
Kerb close		1337-38
Open int.	80,494	
Total daily turnover	17,601	
E COPPER, grade	A (S per tonn	8)
Close	2478-80	2419-20
Previous	2478.5-80.5	2414-5
High/low	2472/2471 2472-72-5	2433/2403
AM Official Karb close	2416-123	2411-12 2416-17
Open int.	137,568	_410-17
Total daily turnover	65,163	
B LIME AM Officia	d E/S rate: 1.1	3243
LME Closing 2/	\$ rete: 1.6320	1
Spot: 1.6321 3 miles: 1.625	7 6 orths: 1.6273 9	anthu. 1.6252
# HIGH GRADE C	OPPER (COM	EX)
Sett Day's		Open
refre chance	ne High Low	Yel Int

113.20 -0.60 114.30 112.30 782 2,749 113.30 -0.20 114.00 112.20 151 2,977 +0.30 111.20 110.60 130 1,474 +0.25 109.90 108.75 612 5,514 108.10 +0.20 108.10 107.50 PRECIOUS METALS **ELICATION BULLION MARKET**

Gold(Troy oz) \$ price Close 347,90-348,40 348.90 Previous close 349.80-350.30 Loco Ldn Mean Gold Lending Rates (Vs USS)

.... 4.85 6 months p/tray oz. 482,50 488,55 297.00 301.20 305.50 314.60 494.85 508.20 £ equiv. 212-213 Gold Coin: \$ price 346-348 Krugerrand Maple Leaf 50-52

Precious Metals continued # GOLD COMEX (100 Troy oz.; S/troy oz.)

	price	change	High	lerer	Vol	les?
May	349.5	+1.6	-	-	1	-
Jou	350,5	+1.5	350,9	348,0	39,993	68,975
Aug	353.3	+1.8	353.9	350.9	1,674	19,368
Oct	356.1	+1.9	356.0			6,706
Dec	358.9	+1.8	358.5	356.5	720	21,680
Feb	361.7	+1.9	361.8	361.8	8	4,691
Total					43,306	161,442
E PL	ATINUM	NYME	X (50)	Troy oz	: SAN	y 02.)
Jul	391.9	+0.8	394.5	387.0	6.167	14.268
Gct	393,1	+1.0	396.0	389.0	114	3.463
Jan	395.3	+1.0		390.0	22	1,163
Apr	397.8	+1.0	-	_	-	14
Total					6,313	14,500
■ PA	LLADIU	M NYM	EX (100	Troy o	12. S/b	OY OZ.)
May	174.55	-0.30			30	14
Joo	171.55	-0.30	174.75	165.00	2,225	6,598
Sep	189.55	+0.20	170.00	166.00	325	3,261
Dec	169.55	+0.20	17250	168.00	-	376
Total					2,560	10,344
31 L	VER CO	MEX (5,	000 Tro	7 02; C	ents/tro	ر محل
May	484.1	+5.1	483.5	478.5	115	180
Jol .	487.8	+4.3			11,706	56,483
Sep	492.7	+4.3			311	5,503
Dec	500.1			496.0	271	7,278
Jan	502.5			-	1	17
	508.0	+4.5	-	-	14	
Total					12,421	65,122
	ERGY					

■ CRUDE OIL NYMEX (1,000 barrels. \$/barrel) 21.47 21.16 58.318 64.173 20.93 -0.03 20.96 20.82 4,370 19.989

HEATING OIL WMEX #2,000 US guill; CUS galls, 56.35 -0.30 56.80 58.00 24.755 JU.585 56.80 -0.13 55.80 56.15 6.873 30.790 56.55 -0.08 57.10 56.60 32.01 18,462 57.35 -0.28 57.50 57.50 57.6 534 9,641 58.10 -0.18 58.30 57.50 176 8,283 58.75 -0.23 58.80 58.40 218 7,383 38,283 138,287 173.25 -0.50 174.75 172.25 6,307 25,485 174.00 -0.25 175.25 173.25 2,884 9,259 175.75 +0 25 176.50 174.75 1,284 7,595 177.00 - 177.50 176.00 357 3,192 178.75 - 179.00 179.00 214 3,896

23,964 62,833 All futures data supplied by CMS. 2.195 -0.030 2.220 2.155 16,610 33,920 2.200 -0.031 2.230 2.171 6,962 28,620 2.200 -0.030 2.230 2.175 3,438 18,999 2185 -0.030 2220 2180 837 15.340 2185 -0.035 2180 2.775 885 17.915 2280 -0.030 2280 2270 443 7.888

NYMEX (42,000 US gails.; C/US gails.) 64.60 +0.13 65.20 64.10 19,802 43,184 63.45 -0.04 63.80 63.05 8,389 25,766 62.25 +0.01 62.50 61.95 1,368 9,940 61.00 +0.06 61.00 60.50 337 1,732 58.89 - - 826 3,097 55.10 - 57.80 57.80 65 1,777 GRAINS AND OIL SEEDS ■ WHEAT LIFFE (100 torries: £ per torrie)

90.50 -0.75 91.00 90.10 82.50 -0.75 83.00 81.75 72 280 3,556 172 1,419 50 696 886 8,771 WHEAT CHT (5,000bul min; cente/60th bushel) COCOA CSCE (10 turnes; \$/turnes) 388.00 -5.00 390.00 385.00 141 243 395.50 -3.50 398.00 390.75 19,618 55.726 401.75 -3.75 404.75 398.00 3,039 13,225 413.25 -3.50 416.00 409.00 2,380 18,454 25,278 57,850 MAIZE CBT (5,000 by mire cents/56to bushel) 289.25 +1 289.75 285.25 3,805 7,397 284.50 +1.5 284.75 280.25 28,474 127,849 268.75 +0.5 268.25 265.25 1.890 27.015 266.75 -0.5 267.25 263.90 12.672 108.063 272.50 -0.5 273.00 269.25 474 11.670 276.50 -0.5 276.50 274.00 232 1,163

BARLEY LIFFE (100 tonnes; £ per tonne) SOYABEANS CST (5.00000 mmr, cents/GIR) bushed 874 50 +6 00 875 00 860 00 55 663 102 538 874.50 +6.09 875.00 860 00 55.663 102.538 844.50 +1.75 845.00 834 00 2.888 19,969 755.00 +2.25 755.00 747 00 1,002 9,156 709.75 +5.25 710.00 702.50 9,562 48,286 714 50 +4.00 715.00 708.00 469 3,351 SOYABEAN OIL CBT (60,000/bs: cents/lb)

71,826 197,920 24.00 -0.06 24.10 23.62 794 829 24.24 -0.03 24.40 24.15 12.204 49.175 24.42 - 24.57 74.33 1.257 13.924 24.56 +0.01 24.67 24.48 892 8.329 24.62 -0.03 24.75 24.58 408 8,195 SOYABEAN MEAL CST (100 tons; \$/ton) 303.9 +5.9 304.0 298.1 4,668 6,683 +4.9 291.0 284 7 21.036 52 489 +3.2 275.5 271.5 5.560 16.364 +1.5 256.3 254.0 955 9.457 +2.5 236.3 232.8 393 9.618 228 1 +4 1 228.3 224 5 2.023 18,827 34,822 115,534 POTATOES LIFFE (20 tonnes; E per tonne) +25 119.8 118.0 +20 - -63 1,174

-20 1335 1315 -15 1300 1280 **FUTURES OATA**

Minor metals

carcean free marks, from Meda Sureon, 5 per lo m warehouse, unless otherwise stated flast week's in brackets, where changed, Anthrony: 99.65%, 5 per torne, 2,150-2,275 (2,175-2,275). Elsemeth: min. 99.95%, cents a pound. 48.00-58.00 (48.00-53.00). Cobabit MB free parties min. 99.95%, cents a pound. 48.00-63.00 (48.00-63.00). Cobatt: MB free market, min. 93.8%, 24.75-25.90 (24.50-25.50); min. 93.3%, 21.80-22.80 (21.50-22.50). Marcury: min. 99.99%, 5 per 75 ib flask, 158-158. Molybdenum: drummed molybdic oxide, 4.40-4.60 (4.40-4.65). Selesium: min. 99.5%, 2.35-2.90 (2.35-3.00). Tengaten one: standard mm. 65%, 5 per torne unit (10kg) WO₂, ctf. 45-55. Vasadium: min. 88%, CiF. 3.75-3.83 (3.73-3.83). Usandarum: min. 88%, CiF. 3.75-3.83 (3.73-3.83). Usandarum: min. 88%, CiF. 3.75-3.83 (3.73-3.83). Usandarum: Nuexco unrestructed 3.83). Urantum: Nuexco unres exchange value, 11.50.

■ COCOA LIFFE (18 tornes: £/torne

1390 -28 1410 1390 17 1406 -30 1422 1404 1,868 31 1404 1,868 31,728 1470 -15 1478 1485 91 18,002 1494 -20 1501 1490 482 20,498 1514 -20 1517 1511 270 8,819

■ COCOA (ICCO) (SDR's/tonne) Prov. #47 1135.94 1125.19 III COFFEE LIFFE (5 townes; S/torne) 1795 445 1775 1755 174 931 1817 442 1835 1800 4,357 25,884 1832 437 1850 1830 1,509 13,485 1835 438 1850 1830 302 5,130 1810 436 1830 302 5,130 1810 436 1830 302 5,130 1810 436 1830 1905 129 2,117 1750 436 1790 1790 8 280

COFFEE 'C' CSCE (37,500lbs; cents/lbs) 261.00 +15.35 261.00 247.00 87 394 241.15 +11.50 243.00 231.55 7,072 15,671 215.20 +10.75 216.00 207.50 2.519 6.857 255.0 +10.75 219.00 27.50 25.19 6.857 182.90 +10.15 185.75 187.50 841 4,861 174.15 +7.65 172.50 188.25 431 1,968 164.90 +5.50 184.50 184.00 38 292 18,889 30,228 ■ COFFEE (ICO) (US cents/pound)

WHITE SUGAR LIFFE (50 townes; S/torme) 318.4 +1.8 318.5 318.5 1.631 12.437 307.5 +1.3 307.9 305.6 524 5.908 304.8 +1.2 304.9 304.0 97 1.640 304.0 +1.7 303.4 303.4 SUGAR '11' CSCE (112,000ths: cents/ibs) 11.11 +0.07 11.14 11 0117,224 75,277 10.90 +0.03 10.92 10.53 4,789 40,643 10.80 +0.05 10.80 10.71 2.194 23.721

E COTTON NYCE (50,000/bs; cents/lbs) 18 596 35 378 5 1,973 5 479 - 57 83 15 -2.60 85.50 83.50 107 3,156 85.50 -3.00 88.00 85.50 185 1,485

> VOLUME DATA
>
> Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCE and IPE Quide Oil are one day in arrears. Volume S Open Interes

88.00 -3.00 90.50 87.50 80 90.50 -3.00 92.50 92.50 1

INDICES ■ Reuters (Bese: 18/9/31 = 100) May 13 May 12 month ago year ago 1984.0 1972.6 1856.9 2156.0 E CRB Futures (Base: 1967 = 100) May 12 May 9 month ago year ago 251.40 249.53 ■ GSCI Spot (Base: 1970 = 100) month ago year ago 191.78 209.32 LINE WARRHOUSE STOCKS (to Copper Lead Nickel

MEAT AND LIVESTOCK III LIVE CATTLE CIVE (40,000fost cents/fbs

65,725 -0.325 66,200 65,700 7,962 33,804 95,825 -0.375 66,300 85,825 8,223 32,423 69.225 -0.125 69.425 69.050 1,452 16,478 70.850 -0.125 71,100 70.800 1,798 9,400 71,100 -0.075 71,375 71,650 706 5,011 E LEAN HORS CME (40,000fbs; cents/fbs)

Jan 84.050-0.625 84.750 84.000 4,054 18,379 Jat 84.600-1.050 85,625 84.500 2,588 8,490 75.075 -0.700 75.750 74.800 477 ■ PORK BELLIES CME (40,000lbs; cents/fbs) 85,950 -1,450 87,750 85,900 83 86,950 -1,475 89,000 85,800 2,078

85.225 - 1.650 88.890 86.175 324 74.100 - 0.725 75.900 74.075 49 74.050 + 75.000 - 1 LONDON TRADED OPTIONS Strike price \$ tonne - Calls -- - Puts --

E COPPER BRENT CRUCE

LONDON SPOT MARKETS

E CRUDE OIL FOR	per barrel)	+01-
Dubai	\$18.41-8.60	-0.03
Brent Bland (dated)	\$19.38-9.42	-0.04
Brent Blend (Jun)	\$10.53-8.57	
W.T.L	\$21.21-1.23z	-0.04
OIL PRODUCTS N	WE prompt delivery	CE (gazes
Premium Gasoline	\$210-212	+1
Ges OI	\$177-179	-D.5
Heavy Fuel Oil	\$80-82	
Naphtha	\$177-179	+1
Jet fuel	\$191-192	-1
Diesel	\$184-185	-0.5
MATURAL GAS (P	sice/them)	
Becton (May)	11.4-11.6	+0.05
Petroleum Arrent Tel Inc	wine #11751 350 #	702

11.505 ■ OTHER Lead (US prod.) Tri (Kuala Lumpur) Tiri (New York) 14.45r 274.5 92.67p 110.27p

Cattle (live weight) Sheep (live weight) Bartey (Eng. feed) Maize (US No3 Yellow) Wheat (US Dark North) **Pubber Livil®** +0.25 +1.0 Coconut Oil (Phil)§ Palm Oil (Moley.)§ -2.5 Copra (Phil)§ Soyabeans (US) Cotton Outlook'A' index Wooltops (64s Super)

JOTTER PAD

CROSSWORD

No.9,374 Set by CINEPHILE

T has the same meaning wherever it occurs in the clues.

the drunken (6) 11 Filling stuff with seaweed in a little measure (7) 12 T in place of e bad habit (4)
13 Unbroken ice keeps non-Englisb bird from the

French (2.3.5) It turns into 12 - that's the 16 Security for one's residence? (7) T is a quarrel ebout public-21 Boy inclined to wander (6)

school (4-8) Nothing but water (4) 28 Father's half breviary backed by warning in 29 Watcher vetted turning point (7) 30 Owe two pounds, being in

the red: applied vet's T (8) 31 Masculine wiles to suit (6) 1 Ship's anti-mine device makes gunners dance

around (8) 2 At home, Christian keeps a pet, and it shows (9) Movement of the immov-

6 Transportation by the P & O system is just right for the spring (10) 7 Fire with nook, a nonstarter on its own (5) 6 T seems an over-actor (6) 9 T for tree? (5)
14 T, cheat of low degree? (4.6) 17 T user gets fish to come in

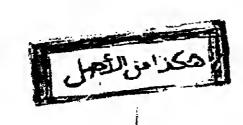
18 Europe in confusion: weight lifted first by piece of India (3-5)

19 T is kitschy, taking nothing less than noughts (8)

23 Only about five find the answer (5)
22 T giving weges to chauffeur? (5-6) 24 Weed remains at public 25, 27 T does sums for the audi-

Solution 9,373

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Russian talks hit platinum, palladium

Market State of State

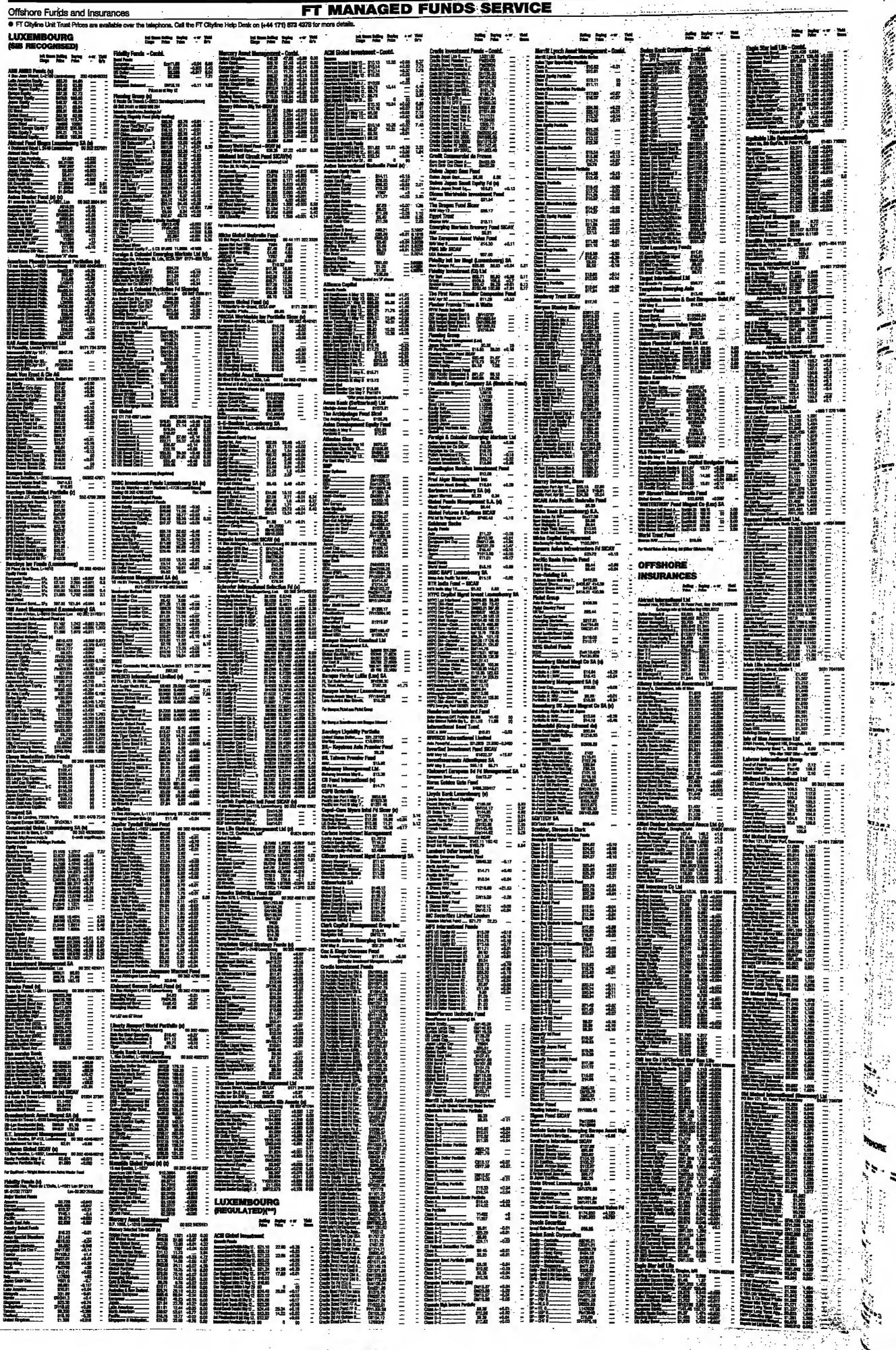
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UT1 (Commonwy) Limited
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hati **IRELAND** - ISLE OF MAN IMD executive programs have one of the best P/E ratios. You might find it your best investment yet. Send for your PROVIDED TO THE PROVIDED TO TH Program Portfolio today

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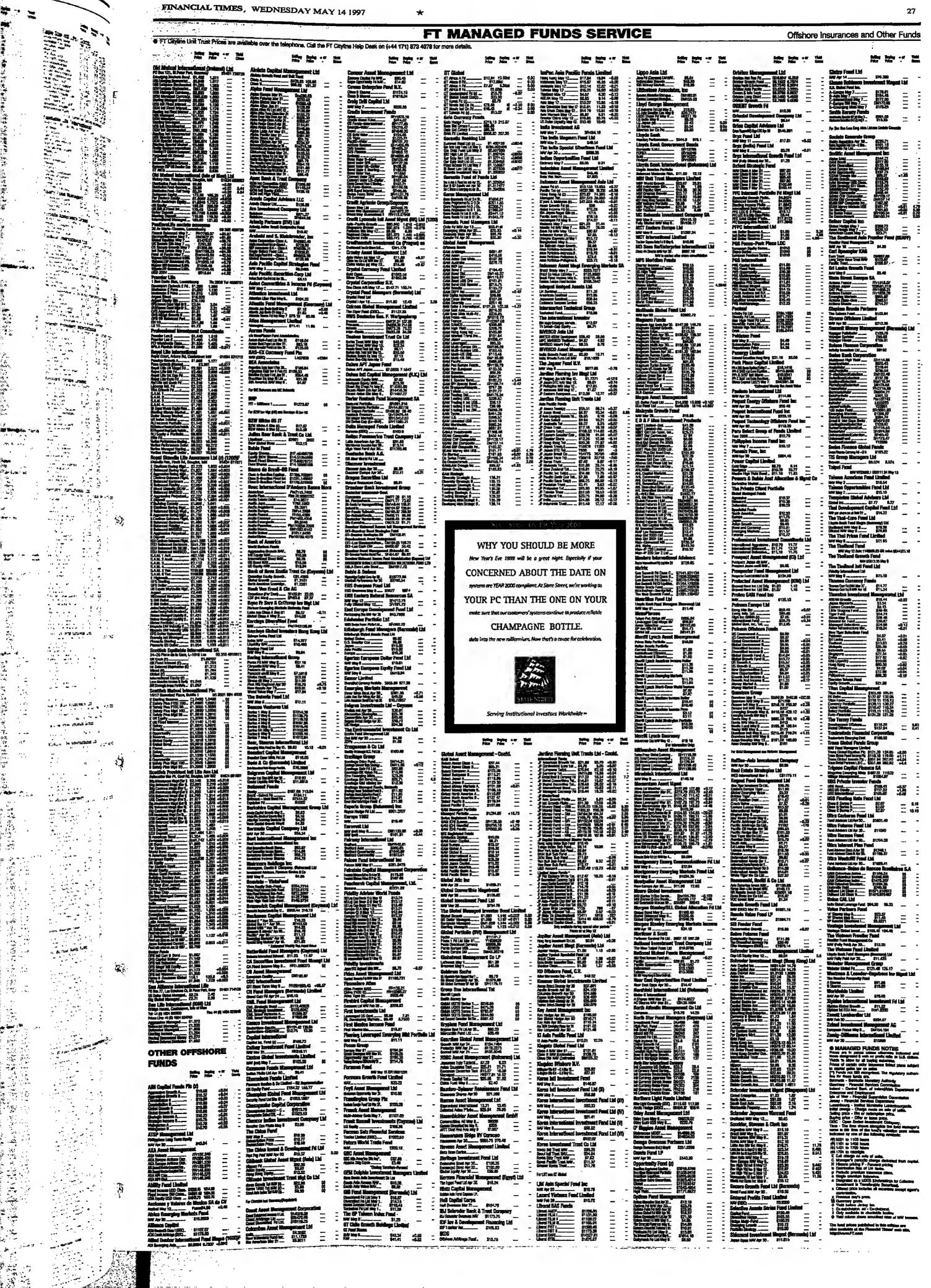
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ENSURANCE - Cont. EXTRACTIVE RIDUSTRIES - Cont. ALCOHOLIC BEVERAGES Montes Price

Montes Carlo Con a Cresto

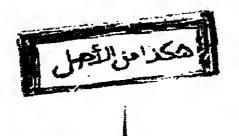
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New high for Footsie despite late setback

By Philip Coggan, Markets Editor

tune with the mood on Wall Street yesterday and even some news failed to stop the FTSE 100 of 4,720.3. index recording its eleventh

Dow Jooes Industrial Average gave the UK stock market s flying start. Some of the market's higger stocks were also lifted by the renewal of takeover speculation following the announcement need for further interest rate of the merger between Guinness rises if the government was to

morning while banks made the running in the afternoon.

Footsie set its sights on a new Shares in London rose and fell in target of 4,700 and passed it with ease. At its peak, the leading index had climbed by 50.7 points slightly discouraging domestic to a new all-time intra-day record

The mood changed at 11.30am however, with the release of the Monday's 123 point jump in the Bank of England's quarterly report on inflation. Some encouraging comments from Mr Eddie George, the Bank governor, had helped UK shares on Monday.

But the report highlighted the

third of their gains over lunch.

The second hit came in the late afternoon when the Dow Jones Industrial Average, which started the session slightly firmer, lost ness and was around 22 points

lower at the London close. That took the shine off Footsie's gains but the market still ended 21.4 points ahead at yet another all-time high. Smaller stocks once again failed to keep pace. The FTSE 250 edged up 6.6 to 4.533.0. while the SmsllCap gained only 3.8 to 2.317.8.

gilt market was of little help to of money and distributing it to Footsie stocks.

Kleinwort Benson was

But NatWest Securities

yesterday said: "The pro-

posed merger is the logical

outcome of the competitive

pressures oo the industry

over the past few years and

the high degree of market

fragmentation. The two

spirits operations are an

Cairn Energy, the sizeable

econd-line oil independent.

bounced sharply in late trad-

ing as encouraging oews

The company recently

announced a tie-up with

Shell in Bangladesh to work

work on a 50:50 hasis in

were told the available acre-

applying for new acreage.

trickled out of India.

FT 30 INDEX

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London market data

more cautious.

excellent fit."

reported to have turned cubic feet.

and GrandMet. Pharmaceuticals meet its inflation target in two equities. The benchmark 10 year investors, who are finding it that benefited from bid talk in the years' time. Shares lost around segilt dropped by around a fifth of the return on cash is still poor s point while the 20-year issue

was unchanged.

Mr John Toalster of Soc-

Gen, which is broker to the

company, said: "The poten-

tial upside is far greater

than anyone previously

expected. It's early days yet

hut could translate to

Cairn, which has retreated

more than 130p since the

Shell link was announced in

March, recovered 311/2p to

541p Shell Transport bene-

fited from the recent surge

in oil prices and closed 151/4

Leading pharmaceuticals,

which tend to be heavily

exposed to movements on

Wall Street, moved higher

and received a sudden fillin

At one stage, Glaxo Well-

£12.00p a share.'

higher at £11.57p.

At a joint presentation in around mid-morning as a

age could provide up to come and Smithkline

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India, analysts and investors sharp squeeze developed.

Many analysts argue that the fall in gilt yields over the last ago. People said it must fall, but week gives support to the valuaground on Treasury bond weak- tions of the equity market, forced to chase it higher." despite its recent strong rise. Shares do not look expensive. compared with the last 10 years at least, oo a yield ratio basis (by which gilt yields are compared with the dividend yield) or oo an

earnings yield basis. Mr Mark Tinker at UBS raised his end-year Footsie forecast on Friday to 4.600 from 4.300. "The Against the receot trend, the corporate sector is making a lot

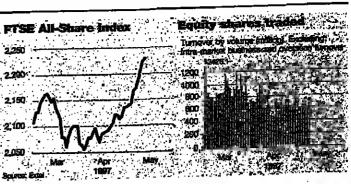
and the return on gilts is falling." he says. "The UK market feels like the US did a couple of years it kept going up and they were

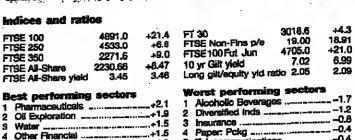
However, some strategists are cautious. Mr Steve Wright of Barclavs de Zoete Wedd is concerned shout the effect of sterling's strength and on the slow growth of corporate profits - ha is expecting only 5 per cent rise in earnings this year.

Volume vesterday was 950.2m shares at the 6pm count, of which 51.7 per cent was in non-

to "hold".

ing capital.





Abbey hogs the limelight

By Peter John and Joel Kibazo

The sprit of agrarian reform appears to driving the banking sector with crop rotation replaced by stock rotation.

Fund managers fighting to huild up weightings ahead of the Halifax building society flotation at the start of June yesterday selected Ahbey National and Royal Bank of Scotland as their picks of the

And the sudden spike in the respective share prices during late trading was accompanied by the almost inevitable takeover specula-

The rationale was that BAT Industries was going to take over Abbey and HSBC was poised to take over a possible suitor. Abbey or RBoS, or possibly both. One analyst suggested, however: "You would have to be mad to have a go at Abbey at this level and so close to flotation, while HSBC has continually stressed it is more interested in Latin America."

In any case, Abbey jumped 38% to 957%p while Royal Bank followed slightly The former fell 16 to 575%p, behind in percentage terms with a rise of 251/2 to 6491/sp.

Meanwhile, previous beneficiaries of the bank sector's climh slipped back. National Westminster shed 17 to dealt by the close. 798%p and HSBC 8% to

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The drinks sector remained active yesterday as bid speculation moved to Allied Domeco.

The group reported flat interim profits at £317m and an unchanged dividend of 9.44p. Shares in the group raced ahead in celebration that the figures were ahead of analysts' worst fears. One analyst said: "It makes a change not having to downgrade profit expectations after an Allied set of

results. However, dealers also pointed out that the results highlighted the weak position of Allied in the international drinks sector and several indicated that the company may have to become part of a group that will challenge a merged Guinness and Grand Metro-

The talk sent the group's shares soaring to close 17 up at 463%p in heavy trade of 6.9m. Several pointed to Canadian group Seagram as

Analysts at Sotherlands urged investors to huy the shares oo weakness, saying Allied will benefit from the current restructuring taking place in the spirits sector. Meanwhile profit-taking

after Monday's heady rise saw both Grand Metropolitan and Guinness surrender some of their strong gains. while the latter eased 18 to 584%p, the worst performer in the FTSE 100 index. Both stocks remained busy trades with a total of 28m shares

SGST was said to have

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Floating Rate Notes due 1998

Company, London

Agent Bank

£18.20p in the ordinaries. lowered its recommendation 20,000hn cubic feet of gas. Beecham were both up 60 shopping for the stock. from "buy" to "hold" while This compared with previous points and between them estimates of about 5,000hn represented 20 points on the FTSE 100 index.

> In tandem, a hizarre rumour circulated that Roche had told its senior executives that all leave for July was cancelled. Rocha has long been mooted as a possible hidder for either SmithKline or Zeneca. By the close, the situation had eased and Glaxo was np 33 at £12.44%p, SmithKline 22 to £10.64p and Zeneca 241/2 at

£19.671/2D. Elsewhere in the sector. Cortecs International lifted 25 to 268%p in response to positive trial data on its osteoporosis treatment.

Biotech stocks were sold. Chiroscience dipped 15 to to fill a short position. 316p as the company revealed the progress of its asthma treatment. And Celltech, which is due to reveal more information about its septic shock treatment within the next fortnight fell 271/2 to 6221/sp.

Turnover in BTR rose to a hefty 39m, by far the day's huslest trade, as the recent profits warning and calls for a change in management strategy continued to depress tha stock. The shares lost another 51/2 to 2134p, while the 1997 warrants eased 1 or 17.39 per cent to 4%p.

Property group Hammerson was the most active FTSE 250 constituent following a placing by BZW's property team. Turnover was 29m after BZW, the group's broker, placed 15m shares around 5 per cent of the group's issued share capital at 454p, well below the prevailing market price. Tha

stock was said to have come from one of the accounts of Hermes, the pension fund manager. Shares in Hammerson fell 91/2 to 4561/sp. Retail group Sears hard-

ened 11/2 to 78p in trade of 12m with Merrill Lynch Copyright, FISE by

W H Smith Group fell 91/2 to 470%p, with SBC Warburg said to have downgraded its recommendation from "buy"

Bid speculation continued to drive Cadbury Schweppes, which rose 141/2 to 5661/2p.

Shares in Christies International jumped 19 to 322%p. the best performer in the FTSE 250, after it said Abel, the vehicle for Bahamasbased investor Mr Joseph Lewls, had hought 3m shares, raising its holding to 29.57 per cent of the group's issued ordinary share capital and 27.61 per cent of the vot-

Severn Trent rose 201/2 to 781%p as one US broker tried FUTURES AND OPTIONS

Low Est. vol Open Int. Open Sett price Change High +33.0 4690.0 +31.0 4716.5 4627.0 14790 4684.0 4672.0 4715.0 +33.0 ■ FTSE 250 INDEX FUTURES (LIFFE) \$10 per full index point +10.0 4555.0 4555.0

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P	Uр	(£m.)	High	Low	Stock	P	+/-	ďν.	COV.	yld	net
•	F.P.	3,504	655	53212	Aliance & Leic	602	-112	L16.3	2.5	3.4	14.8
ş	FP.	107.3	1200	81212	Aston Villa	93712	-3712	FIG.8	1.6	1.2	51.5
§100	FP.	25.2	101	89	Aurora Inv Trust	101	-	٠			-
_	F.P.	4,296	306 ¹ 2	264	Cable & Wireless	288 ¹ 2	+2	-			-
540	FP.	12.6	85	5412	Charlon Alinto	5712		-	-		-
_	F.P.	38.0	95	95	Close Bros Pr VCT	95					-
§130	FP.	16.3	150 ¹ 2		†Comino	147/2		2.25	4.6	1.9	13.8
5	F.P.	13.0	86		Donatantonio	68	+3	0.5	¢	0.7	Ф
-	F.P.	126	12712	12212	Dragona Hith Clas	12612		-			23.7
5175	F.P.		21212		Heaf's	210 ¹ 2	-2	13.9	3.1	2.3	15.4
5	F.P.	7,18	16412	160	trig	160		-			
§110	F.P.	5.26	13012	12212	Lady in Leisure	12612		b-			-
5		3.69	11712	11212	Longbridge Inti	117/2		-			18.4
-	FP.	178.4	9912	9712	Mrtn Cunie I&G Inc	98		M7.4		8.4	-
		6.18		8712	Do Cap	8112		-	•		-
50	FP.	19.6	5412	4712	THAT	50		-			-
§135	F.P.	174.8	1445		Newcastle Utd	122	-1	u1.8		1.8	-
	F.P.	1.74	2912	28 ¹ 2	Northetar Secs	29		-			-
	FP.	5.75	115	95	Oxford Tech Vent	115					-
-	F.P.	32.2	17212		Partners Hidge	172 ¹ 2	+1	a -		-	19,9
100	F.P.	6.00	100		Penine AM VCT	100		-	-	-	-
-	FP.	18.2	65	3812	†Petra Diamonds	6212		-			-
-		0.63	40	1312	Do Warrants	3712		-	-	-	-
143	F.P.	21.8	15512	150	Chalceram	15512		Q23%	-	1.5	-
§117	F.P.				Selehurst	12112		13.75	13	33	79,4
§100	F.P.	10.3	10512	10212	Socioer Investment	10312		-			-
-	F.P.				Torch Hidgs	10712		-		-	-

her aymbols please	refer to	The Lan	dori Shau	n Service	notes.		
FTSE GO	LD N	UNE	SI	IDE)	x		
	May 12	% ichg on day	May 9	Year age	Gross div yield %	P/E ratio	52 week High Law
id Mines Index (31) Regional Entities	1610.13	0.0	1610.99	2305.60	2.11	-	2376.9G 1468.60
ice (14)	1847.41	+26	1800.32	3175.65	4.82	29.31	3197.52 1724.86

1810.82 +1.7 1781.13 2707.72 2.95 1524.23 -1.3 1544.32 2087.73 0.85

North America (11) FTSE Actuaries Share Indices The UK Series

Day's Year Div. Net P/E Xd adj. Total May 13 chge% May 12 May 9 May 8 ago yieki% cover ratio ytd Return +0.5 4669.8 4630.9 4590.4 3759.7 3.46 2.06 17.54 70.67 1994.61 +0.1 4526.4 4526.2 4510.4 4508.8 3.58 1.54 22.67 64.12 1884.34 +0.1 4543.2 4547.1 4533.8 4549.8 3.71 1.57 21.46 66.68 1896.40 FTSE 100 FTSE 250 FTSE 250 ex IT +0.1 4543.2 4547.1 4533.3 4549.8 3.71 1.57 21.46 66.68 1896.40 +0.4 2262.6 2247.5 - 3.51 1.87 18.09 1.49 1011.47 +0.4 2798.1 2178.8 2155.3 1826.8 4.48 1.84 15.18 39.68 1622.27 +0.4 2382.9 2321.5 2303.5 1990.3 2.45 2.18 23.30 27.48 1665.70 +0.2 2314.04 2308.08 2301.80 2232.88 3.01 1.71 242.9 26.95 1859.25 +0.1 2310.93 2306.73 2302.62 2230.76 3.23 1.78 21.89 28.00 1971.33 FTSE 350 FTSE 350 ex IT FTSE 350 Higher Yield FTSE 350 Lower Yield FTSE SmallCep FTSE SmellCep ex IT FTSE All-Share FTSE All-Share ex IT +0.4 2222.18 2208.01 2188.18 1890.25 3.45 1.94 18.67 32.66 1965.64 +0.4 2222.12 2208.01 - 3.48 1.96 18.28 1.40 1010.60 Sustry Sectors
Day's Year Div. Net P/E Xd adj. Total
May 13 chge% May 12 May 8 May 8 ago yield% cover ratio ytd Return # FTSE Actuaries In 10 MINERAL EXTRACTION(20) 12 Extractive Industries(5) +0.8 4267.90 4242.27 4196.92 3509.65 3.52 2.02 17.61 85.94 1937.71 +0.7 4266.63 4258.23 4234.30 4887.93 3.66 2.38 14.31 104.80 1313.94 +0.9 4443.02 4386.42 4334.35 3506.74 3.71 1.96 17.23 60.91 2062.63 15 Oil, Integrated(3) 16 Oil Exploration & Prod(12) +1.9 3492.61 3480.55 3456.18 2490.23 1.62 2.20 35.02 36.78 2160.90 3560.69 -0.2 1945.63 1951.56 1950.93 2140.71 4.12 1.91 15.80 31.31 1103.44 +0.3 1398.63 1395.99 1393.18 1228.39 3.08 1.87 20.56 22.48 1217.68 +0.5 2321.44 2308.11 2295.51 2534.75 4.50 1.48 18.96 33.07 151.31 +0.4 2707.31 2113.96 2120.25 2448.43 3.72 1.56 21.51 14.96 1313.88 +0.4 2523.07 2521.94 2519.55 2481.06 3.37 1.56 21.51 14.36 1131.88 -0.4 2523.07 2521.94 2519.55 2481.06 3.37 248 15.07 31.12 1573.68 +0.4 2306.78 2320.55 2802.17 4.55 1.67 14.65 41.88 968.81 -0.3 1061.71 1066.42 1066.58 1410.53 266 0.88 18.58 29.41 688.19 +1.1 4502.34 4335.32 4373.30 3483.60 3.34 1.81 20.65 80.88 1755.09 20 GEN INDUSTRIALS(200) 24 Diversified Industrials(16) 25 Electronic & Bect Equip(38) 26 Engineering(69) 27 Engineering, Vehicles(13) 28 Paper, Pckg & Printing(27) 29 Textiles & Apparel(14) 2513.24 2767.12

+1.1 4502.34 4385.32 4373.30 3483.80 3.34 1.81 20.65 80.85 1754.90 -1.7 3356.86 2987.98 2986.35 2971.43 4.02 1.88 16.58 62.84 1248.47 +0.7 2674.58 2926.94 2610.77 2481.60 3.69 1.85 18.35 56.21 1413.13 +1.3 3990.41 3002.29 3021.86 2893.37 3.43 2.30 15.64 53.41 1244.93 +0.2 2214.06 2211.94 2209.72 2103.68 2.57 1.63 28.62 31.74 1380.74 +2.1 7168.26 7088.18 7082.34 4858.64 2.52 1.71 28.88 104.77 2569.37 +1.3 4435.81 4484.85 4424.89 4154.97 6.03 1.67 11.96 147.58 1196.00 30 CONSUMER GOODS(84 32 Alcoholic Beverages(7) 34 Household Goods(17) 36 Health Care(15) 37 Phermaceuticals(18) +0.3 2702.80 2687.32 2681.68 2531.72 2.87 1.96 22.23 27.54 1452.80 -0.3 2740.55 2755.65 2748.90 2839.81 3.36 1.94 18.23 38.25 1041.83 +0.1 3511.38 3452.54 3467.55 5217.90 2.59 1.77 27.18 58.92 1945.83 +0.2 4407.07 4377.48 4398.70 4284.81 2.22 1.87 28.60 55.29 1638.47 +0.4 2108.17 2092.78 2095.15 2009.71 3.81 2.23 14.71 22.51 1393.40 +0.5 2120.48 2122.26 2115.74 2060.65 3.12 2.07 18.32 15.05 1257.78 +0.5 3300.83 3310.69 3328.95 3150.60 3.2 2.07 18.18 18.26 1636.23 +1.0 2973.05 2937.55 2935.27 2363.50 1.73 2.62 27.63 20.48 1952.29 -0.1 2812.63 2797.42 2804.57 2447.81 3.48 1.27 28.45 30.92 1213.88 40 SERVICES(271) 41 Distributors(30) 42 Loisura & Hotels(31) 43 Media(44) 44 Retailers, Food(15) 45 Retailers, General(53) 47 Broweries, Pubs & Rest.(22) 3315.78 48 Support Services(54) 60 UTILITIES(31) 62 Electricity(8) 64 Ges Distribution(2) 68 Water(12) +0.5 2230.95 2210.52 2202.85 2012.14 3.56 1.85 18.00 30.86 1772.20 88 NON-FINANCIALS(675) +0.1 4412.15 4433.26 4310.47 2907.45 3.25 2.37 18.18 83.03 1994.76 +0.2 6643.99 6687.54 6474.23 3937.32 3.02 2.55 15.62 126.12 2277.32 -0.8 1871.44 1876.14 1830.48 1518.78 4.67 2.46 10.87 64.22 1483.54 -0.4 5217.44 220.22 5028.81 3617.11 3.39 1.96 18.78 121.00 2270.65 +1.5 3283.08 3251.83 5217.74 2665.48 3.15 1.93 20.56 36.34 1998.49 -2.204.55 1993.92 1981.62 1570.89 3.18 1.31 29.96 13.33 1276.70 71 Banks, Retail(8) 73 Insurance(18) 74 Life Assurance(7) 77 Other Financial(29) 78 Property(44) 80 INVESTMENT TRUSTS(127) 3400.58 +0.2 3384.52 3389.96 3342.83 3236.80 2.15 1.14 50.94 24.41 1213.52 88 FTSE All-Share(906) 105 FTSE All-Share ex (17(781) +0.4 2222.18 2208.01 2188.12 1890.25 3.45 1.94 18.67 32.96 1965.84 +0.4 2222,12 2208.01 - 3.48 1.96 18.28 1.40 1010.90 +0.4 2222.12 2208.01 - - 3.40 1.80 18.26 1.40 1010.90 1301.80 1300.84 1298.53 1249.83 3.00 0.78 53.38 15.15 1400.64 -0.1 1318.75 1318.64 1317.15 1259.05 3.29 0.75 50.28 14.29 1418.48 FISE Fledgling ex IT -0.3 1095.7 1094.9 1094.3 - 0.83 1.06 60.00† 0.13 997.83 **■** Hourly movements

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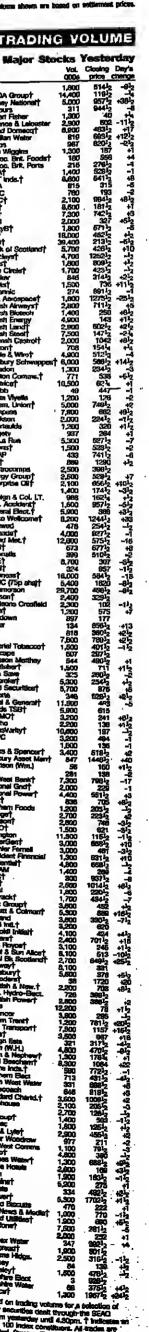
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Further Information is available on http://www.fbse.com or contact FISE International on +44 (0)171 448 1810.

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† Sector P/E ratios greater than 60 and net covers greater than 30 are not shown.

‡ Values are negative. Name Change: P & P to Sidisgroup (FTSE SmallCap) &



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The FT GUIDE TO WORLD CURRENCIES, published in Monday's manager and covering over 200 currencies, is now wealtable by disting the follow 01718960011 PARTY OF THE LIFE WALDOCK & COMPANY f you would like to advertise, or require any further information, please contact: OFFSHORE COMPANIES Age FREE COLOU Involvante Estado Intendesaguecas como or curvanos.

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Notice is hereby given that for the Interest Period 13th May, 1997 to 13th August, 1997 the Notes will carry a Rate of Interest of 6.325% per annum. The Interest Amounts psyable will be U.S. \$161.64 per U.S. \$10,000 Note and U.S. \$1,616.39 per U.S. \$100,000 Note. The Interest Payment Date will be 13th August, 1997. Bankers Trust

Sandy Marrow	FINANCIAL TIMES WEDNESDAY MAY 14 1997 *	31
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US shares see-saw to new high

Wall Street recovered by lunchtime from a slight to Monday'e record breaking

The Dow Jones Industrial Average rose 22.66 to 7,315.41 in spite of showing a decline for most of the morning.

Its fluctuations mirrored those of the bond market where the beuchmark 30year bond was unchanged at



96% at 1pm after first rising and then falling in the morning on conflicting economic

Mr Thomas van Leuven, investment strategist at J.P. Morgan, said that the equity market was more sensitive to economic data and bond market fluctuations after the first-quarter reporting seaeon. He said that yesterday's initial fall was caused by a "little bit of profit-taking and a little bit of breath-taking", but that gains in the bond market had helped lift senti- C\$107.

calls a "seventh innings recent strong performance next couple of quarters we tions.

don't expect e whole lot more," Mr van Leuven said. Other markets were relatively flat. The S & P 500, the pause in early trading to add more broadly based big com-

pany index, eased 0.25 to performance, writes Jone 837.91 after Mouday's Martinson in New York. all-time high. A mixed performance among technology stocks helped to slightly depress the technologydriven Nasdaq composite index, down 0.38 at 1,343.81 IBM was the best perform-

ing blue chip and topped its all-time high. It rose above Monday's closing 52-week high with a rise of \$4% or 2.5 per cent to \$176%. After an upbeat analysts' presentation last week and the favourable publicity afforded by its computer beating of Gary Kasparov, the company also henefited from an upgrade from Goldman

intel was among the worst performing computer groups with a 2 per ceut fall to \$155%. The company is being sued over alleged patent infringement by Digital Equipment, which rose \$1%

The announcement of an agreed \$320m takeover by Tyco International, the diversified industrial group, pushed Inbrand shares up 62 per cent to \$26.4. The offer valued the company at \$27.20

TORONTO moved lower in subdued volume. At noon, the 300 composite index was off 4.18 at 6,268.40.

Leading stocks were dull. Northern Telecom, a strong market lately, ran into clear profit-taking, losing C\$1.05 to

Golds stayed soft with Bar-J.P. Morgan was expecting rick Gold retreating 55 cents the market to take what it to C\$34.50. Among smaller stocks, Corriente Resources stretch", during which its fell C\$3.15 to C\$7 after assays of e Peruvian gold project would slow down. "Over the fell short of investor expecta-

Mexico City turns up

MEXICO CITY overcame lost 1.30 pesos at 97.70 pesos early weaknese to climb after Monday's news of a higher at midsession management reshuffle. Deal-

heavy late morning trade. moved by allegations that Telmex also saw an early pullback after Monday's favour of a parliamentary record close in peso terms. amendment that would By noon, the shares were 2 centavos higher at 17.36

although trading remained ers noted that the stock had cautious as investors kept an been volatile since the unexeye on Wall Street. . The IPC pected retirement and sudindex gained 16.30 at 3,946.39. den death on April 16 of its Bancomer, which made a long-serving chairman, Mr weak start, was 1 centavo Emilio Azcarraga Milmo. stronger at 2.88 pesos in SAO PAULO was little advanced, writes Guen Rob. and Toyota by Y70 et Y3,670.

deputies were paid to vote in allow the president to stand for re-election. The Bovespa index was 17 higher by mid-

South Africa ends mixed

Shares in Johannesburg had a mixed session, with golds continuing to edge higher in contrast to the trend among industrials where disappointing results from South African Breweries put a dent in sentiment.

At the close, the all-share index was 2.8 ahead at 7.193.1, thanks mostly to another solld-looking day for the bullion price which lifted the golds index by 7.6 to 1,275.4. Industrials off 1.4 to 8,474.7.

Sonth African Brewerles caught the market on the hop with full-year earnings that fell some 2 per cent short of the middle range of analysts' forecasts. The shares ended R3.25 lower at R130.

Among golds, Dries gained 50 cents to R41 and Vaal Reefs added R4.50 to R280 for a two-day advance of nearly 5 per cent. Western Deep rose R2.00 to R129,

Bourses were a mixed bag as New York's overnight exuberance turned to introspection; but PARIS notched up e new all-time peak in spite of closing off the top.

Volume was 16.3m shares, the best for some weeks, and the CAC 40 index gained 26.49 at 2,719.58. Saint Gobain provided firepower, jumping FFr36 or 4.5 per cent to FFr830 on what was said to he a shortage of stock. There was also vague talk that the group's 6.3 per cent stake in Suez could shortly go up for sale.

Alcatel surged by nearly 5 per cent at one stage before subsiding to FFr668, an increase of FFr23, in 1.4m shares. There was good news on first-quarter sales and something of a buzz on the Thomson-CSF front. Mr Serge Tchuruk, Alcatel

chairman, said that any takeover of Thomson would not be earnings dilutive. He also confirmed that Daimler Benz Aerospace would be brought into joint venture talks should his bid succeed. Oils were also buoyant, helped by oil price strength. Total rose FFr17 to FFr519, and Elf Aquitaine gained FFr7 to FFr588 after

Standard & Poor's raised its debt rating on the group from "negative" to "stable". Danone added FFr13 to



FFr893 ahead of tomorrow's meeting with anelysts. LVMH, which will swap its 14 per cent in Guinness for 6 per cent of the enlarged group, gained FFr4.00 to FFr1,450 for a two-day advance of 5.2 per cent.

ZURICH saw strong demand for index stocks which took the SMI up 41.7 to 5.084.2, a second consecutive record close. Rochs certificates added SFr175 at SFr12,905. Novartis

rose SFr26 to SFr2,009 as it concluded the \$910m purchase of the crop protection business of Merck of the US, and said that it would concentrate its pharmaceutical production in fewer factories

UBS picked up SFr34 to strength in its own banking SFr1,439 as the bank tried to sector behind e KFX index 3.2 per cent to DM39.80 after

rasching a record high of

Y9,990 at one stage before

closing at Y9.730. un Y160.

Other leading electrical and

high technology issues also

rose Y10 to Y3,010, TDK Y90

to Y9,040 and Pioneer Elec-

tronic Y20 to Y2,310. Car-

makers, however, suffered

Financials benefited from

growing interest among for

eign investors, who off-loaded the sector in Febru-

ary and March et the height

of concern about the prob-

lems plaguing Jepan's finan-

cial system. Industrial Bank

of Japan jumped Y70 to

Y1,480, Dai-Ichi Kangyo Y40

to YI,560 and Sakura Y2I to

However, Nippon Credit

Bank, the most active issue

for the second consecutive

day, fell Y8 to Y255, And

securities houses were

mixed. Daiwa Securities rose

Y25 to Y896 while Nomura

Securities, now facing legal

ection on charges of illegal

trading activities, fell Y20 to

Among domestic demand-

led stocks to benefit from

the dollar's recent decline

Y730.

Y1.550.

overcome its recent under-SFr2 to SFr344.50, ran into profit-taking in spite of comments by the chairman, Mr Houry changes Georges Blum, that he was cautiously optimistic about the prospects for 1997.

Surveillance, the inspection and testing group, added to Monday's SFr65 rise with another of SFr85 at SFr3,200 as Goldman Sachs npgraded the stock. Monday's rise followed news that a Swiss tax panel had ruled in favour of the company over the tax treatment of share buy-backs.

In industrials, Alusuisse soared SFr40 to SFr1,295 on a new round of old rumours about a possible spin-off. But Holderbank, the cement had been no fundamental manufacturer, fell SFr18 to news that was negative; Ger-SFr1,222 on a CS First Boston downgrade. Other all-time highs were

set in MADRID, where the general index rose another 3.68 to 548.00 ahead of today's Spanish inflation Munich, Mr Jürgen Gries data for April; in DUBLIN, said the German market was where Irish financials continued to attrect strong interest as investors took their lead from London, and where the ISEQ overall index closed 35.77 higher at potential delays in European 3,240.61; and in COPEN-HAGEN, an early closer, which got the best of the US influence along with

performance. SBC, down FTSE Actuaries Share Indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Cines FISE Burdrack 100 2312.07 2313.73 2314.26 2316.96 2318.20 2315.71 2314.58 2315.77 FISE Burdrack 200 2363.61 2356.82 2359.41 2364.60 2364.69 2364.49 2363.40 2360.31

May 9 May 8 May 7 May 12 May 9 2287.77 2288.39 2288.19 2329.46 2328.54 2328.20 2287.77 2342.13

Bate wins 1000 (29/10/90); High-Very 100 - 22/10.45, 200 - 235/25 Louistay: 109 - 2311.54 200 - 2352.61, † Parlid. O FTSE Immediate Libertal 1657. All digits reported.

again, but the Dax index came heck more than 50

points from e morning high of 3,611.10 to close 33.85 down on the day et 3,559.29. Mr Jens Wiecking, from Prof Dr von Dolff & Partners in Düsseldorf, said that there man investors hed simply thought it time to take prof-

its in recent high flyers like

Deutsche Telekom, Siemens

and Volkswagen. At Merck Finck, in now on a 1997 p/e of 18 and that while domestic investors were not willing to sell, they were disturbed by the elections in France and monetary union.

Turnover held up at DM14.3bu, compared with DM14.4bn on Monday. Deutsche Telekom fell DM1.33 or

gain of 1.92 or 1.2 per cent to its first quarter figures; early analytical comment was FRANKFURT tried to fly bullish, but Mr Wiecking said that, adjusting for special factors in the first quarter of 1996, the figures were not so impressive and even

> In carmakers, raised share price targets for Volkswagen, among others, reminded investors that VW had more than doubled this year and the stock fell DM33.50 to DM1,150.50; and while Siemens was upgraded to hold by HSBC James Capel, which saw increased potential for divestments end divisional restructuring after after a meeting with the company, the shares fell

slightly disappointing.

AMSTERDAM gave up early gains in mid-afternoon to end with the AEX index off 2.05 at 786.03. Financials led the way down. Fortis Amev lost F1 1.60 to F1 75.40 while, ahead of tomorrow's first-quarter results, Aegon gave up Fl 1.70 to Fl 138.60.

DM2 to DM100.10.

St Gobain, Alcatel in lead as Paris peaks in 2.8m traded after Goldman Sachs npgraded the electronics giant to a "trading bny". Royal Dutch improved F18.60 to F1364.80

in advance of today's annual Tech stocke bounced, helped by IBM's initial surge on Wall Street. Baan jumped Fi 2.80 to FI 117.60 and ASM

sell-off

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CONTRACTOR STATE

Lithography rose Fi 1.90 to MILAN edged higher, but in subdued trade, as sporadic profit-taking pulled the market back from its best levels. The Comit index rose 5.73 to 722.90 while the realtime Mibtel index turned back from a high of 12,392 to

close 13 higher at 12,827. Generali, the insurer, pro vided an early lead on higher than expected 1996 earnings and first-quarter indications, closing L900 higher at L30,656.

Unicem was suspended pending news that Ifil, the Agnelli family holding company, would sell a 20.5 per cent stake to its fellow cemant maker, Fratelli Buzzi, for L245bn, equivalent to a price of L18,800 per Unicem share compared with Monday's closing price of L12,467. Ifil gained L160 to L5,235.

Written and edited by William

Hong Kong eases after nine winning sessions

ASIA PACIFIC

Profit-taking pulled HONG KONG back after nine consecutive winning sessions and the Hang Seng index finished 81.34 lower at 13,906.46. Turnover dipped to HK\$15.2bn from Monday's record HK\$18bn.

The index gained 1,387.88 points or 11 per cent during its nine-session rally. HSBC, which had led the market to a series of recent record highs, gave back

HK\$1 at HK\$217. Hougkong Telecom, however, gained 10 cents to HK\$15.20 on expectations that its parent company, Cable & Wirelesa, might have news about its Telecom stake when it released full-

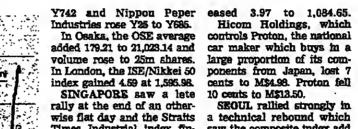
year results today. TOKYO took profits in blue chips: last minute selling of Nikkei 225 average constituents erased earlier gains and dragged the key index back from a new 1997 intra-day high although from profit-taking with other equity Indices Honda down Y110 at Y3,840

inson. The 225 index closed 14.40 weaker at 20,129.11, just above its low of 20,119.61 and more than 300 points below the day's high of 20,452.35.

New York's record overnight advance and the dollar's rebound to Y119 were positive influences, and foreign investors remained heavy net buyers of blue-chip electricals and domestic financials; but trad-ers noted intermittent profittaking by domestic institu-

Volume swelled from 415m shares to an estimated 559m. In spite of the fall in the 235, advances led declines by 725 to 413 with 131 unchanged. The Topix index of all firstsection stocks gained 7.22 to 1,500.67 and the capitalweighted Nikkei 300 was up 1.17 at 291.03.

against the yen, paper-makers stayed on a winning Sony led blue-chip exporters for most of the day, streak. Of Paper added Y9 to



Times Industrial index finished 11.49 higher at 2,112.97. City Developments warrants led the gains, rising 30 cents to \$\$10.70, while losers yen'a strength against the were topped by Creative Technology, down S\$2.10 at \$\$26.90 on profit-taking. KUALA LUMPUR saw further weakness in motor

stocks in response to the strength of the ven. The composite index

Hicom Holdings, which controls Proton, the national car maker which buys in a large proportion of its components from Japan, lost 7 cents to M\$4.98. Proton fell 10 cents to M\$13.50. SEOUL rallied strongly in

saw the composite index add 11.76 or 1.8 per cent to 683.86. Export-related shares, which stand to gain from the

dollar, rebounded strongly. LG Electronics rose Won500 or 5 per cent to Won10,600, while Yukong jumped Won900 or 6.2 per cent to Won 15,400.

individual investors took planned cabinet reshuffle.

BANGKOK rallied on bar-Daewoo Heavy Industries limit-up to Won430 Won5.880

Hanwha Merchant Bank Won16,400 on speculation that a court ruling could prompt an internal takeover battle hetween its two largest shareholders

TAIPEI ended lower as political concerns finally got the better of a see-saw session. The weighted index eased a further 14.52 to 7,952.12

Dealers said there was some bargain hunting after Monday's 3.7 per cent setback but that santimant remained deeply troubled by sent Amcor, the paper Strong demand from US the political row over the

gain hunting. The SET, which has come down from 717 since mid-April, added rose by its daily limit to 8.06 to 600.24. Most of the buying was concentrated on leading stocks. Thai Telephone rose Bt1.00 to Bt12. SYDNEY moved higher, helped by an active banking

sector. The All Ordinaries index added 9.5 to 2,534.3. Strong results from St George's were said to have enhanced sector earnings expectations. Westpac rose 8 cents to A\$7.50 and ANZ 9 cents to A\$8.49. Commonwealth jumped 19 cents to

A\$14.55. A profits warning

group, skidding 18 cents

lower to A\$8.45.

General Accident plc CONTINUED STRONG PERFORMANCE

FIRST QUARTER RESULTS General Premiums Life Premiums Underwriting Result Investment Income Life Profits Operating Profit before Texation Profit Attributable to Ordinary Shareholde Operating Earnings per Ordinary Share

- Operating pre-tax profit of £114 million following record first quarter.
- Contribution from life operations up by 45%.
- Underlying improvement in underwriting result in all major businesses.
- Underwriting profitability maintained in UK.
- Underwriting profits achieved in Australia, New Zealand and Asia.
- Current net asset value up 7% to £3,740 million, equivalent to 723p per share. Solvency margin 86%.



General Accident

General Accident plc, World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH A copy of the results is available on Internet: http://www.ga.co.uk

FT/S&P ACTUARIES WORLD INDICES

REGIONAL MARKETS			MK	NDAY N	MAY 12 1	997				- FRIDA	Y MAY	e 1997 -		DOL	LAR IN	DEX -
	US	Day's	Pound			Local	Local	Gross	US	Pound			Local			Yeer
show number of lines D	oller	Change	Sterling	Yen	DM	Cumency	% chg	Div.	Dollar	Sterling	Уеп	DM	Currency S	2 week 5	2 wook	ago
of stock In	ndex	%	Index	Index	Index	Index	on day	Yield	Index	Inclex	Index	Index	Index	High	LOW	(sporox)
Australia (76)2	30.61	-0.1	210.62	172.88	204.04	197.13	-0.1	3.86	230.92	211,41	177.84	203.30	197.30	530.92	188.44	206.59
Austria (24)	92.22	8.0	175.40	143,97	189.92	169.87	1.2	1.87	190,78	174.68	146.78	187.96	187.51	195.04	174.70	185.51
Beiglum (26)2-	47.BO	0.4	225.84	195,46	218.88	214,30	0.6	3.34	246.62	225.78	189.72	217.12	212.63	247.60	205.89	205.89
Brazil (30)2!	58.48	1.4	294.04	192.11	226.73	503,63	1.4	1.46	253.07	231.68	194,68	222,79	496.56	258.48	162.25	162.25
Canada (113)1	89.89	0.7	182.40	149,72	178.70	201.16	0.7	1,94	198,59	161,81	152,77	174,84	199.77	203.31	154.12	163.51
Denmark (32)37	75.37	0.3	342.54	281.15			0.8	1,53	574.08	342.47	297.77	329.33	327.98	378.98	291.89	285.39
Finland (28)26		-0.8	241.76	198.44	234.20		-0.5	1.60	266,97	244,41	205,37	235.03	286.85	265.58	185.31	187.10
France (91)22		1.8	205.17	168.41	198.76	202.16	2.0	2.82	221.18	202.48	170.18	194.73	198.22	228.25	188.94	195.71
Germany (59)2		-0.1	192.43	157.95	186.42		0.4	1.52	210.86	193.16	162.31			210.99	185.02	
Hong Kong (66)49		0.3	452.80	371.50	438.46		0.3	3.07	494,40	452.62	380.33	435.26	491.81	514.48	407,55	416,92
Indonesia (27)25	38.89	0.9	218.00	178.93	211.16	355.68	a.s	1.54	236.73	216.73	182.11	208,41	352,76	-	-	-
Ireland (16)34		0.2	312,97	256.90	303,18		0.3	3.00	342.24	313.32	263.28			343.35	270,08	278.02
Italy (56)		Q.1	81.65	67.02	79.10		0.5	2.21	89.44	81.98	89.60	78.74	112.12	95.32	73.26	82.45
Japan (485)12		3.7	117.97	86,84	114.29	96.84	1.0	0.81	124.65	114.11	95.89	108.74		159.23	107.57	157.21
Malayela (107)53		-2.2	485.94	398.87	470.76		-2.0	1.22	544,42		418.81			660.95	512.47	
Medico (27)140		1,4	1281.71			12171.07	1.7	1.18	1385.25	1268.15	1065.65	121854	11970.34	1445.58	1110.35	1248.82
Netherland (19)36		0.6	336.50	278.20	325.98		1.0	2.43	366.61	335.63	292.02	322.75	318.87	368.75	279.88	292.18
New Zeeland (14)		0.6	79.86	65.55	77.37	66.80	-o.e	4.25	86.97	79.62	66.80	78.56	87.20	95.60	75.94	82,00
Norwey (41)30		-0.3	274 <i>.</i> 28	225.12	265.71	289.35	0.4	2,13	301.44	275.96	231.89	265.38		321.23	243.72	245,74
Philippines (22)15		0.0	145.11	11811	140.58		-0.0	98.0	159.03		122,34		209.00	-	-	-
Singapore (42)39		3.2	363.72	298.55	352.36		2.8	1.07	386,14	353.51	297.05	339.85		448.01	380.08	429.02
South Africa (44)38		-0.0	330.76	271.51	320.45	353,48	0.0	2.39	362,50	331.87	278.86		353.33	370.12	301.49	357,09
Spain (35)24	17.22	2.1	225.59	185.17	218.54	269,40	2.8	2.43	242.07	221.61	186.22	213.11	262.65	247,22	171,01	175.79
Sweden (49)	10.98	-0.1	402.41	330.31	389.84	501.72	0.0	2.08	441.38	404.07	339.53	388.57	501.54	448.64	334.35	345.94
Switzerland (35)28	34.04	0.2	258.20	212.75	251,10	252,80	0.7	1.33	283,51	259.55	21810	249,50	251.05	284.04	229.36	234.82
Theliand (43)6		-2.6	60.59	49.73	58,70	86.80	-2.8	4.87	68,18	62,42	52,48	80,02	88.74	184.16	85.40	
United Kingdom (211)29	9.49	1.0	273.29	224,32	264.75	273.29	0,7	3.61	296,40	271.35	228.01	260.84	271.35	299.49	229.53	232,40
USA (652)33	8.74	1.5	309.11	253.72	299.45	338.74	1.5	1.80	333.81	305.60	258.79	293.88	333.81	339.74	254,79	265,97
Americas (822)30	95.90	1.4	282.50	231,97	273.77	260,88	1.4	1.79	305.31	279.51	234.87	268.78	257.15	309.69	233,09	243.20
Europe (725)25	9.31	0.7	236,62	194,28	229.23	239.69	0.8	2.64	257.A7	235.71	198.06	226.67	237.66	259,31	204.71	207.70
Nordic (150)38		-0.1	347.63	285.34	336.77	374.34	0.1	1.63	381.48	348.25	283.47		373.82		281.45	295.19
Pactific Basin (882)14		2.8	134.70	110.57	130,49	110.50	0.7	1.29	143.62		110.48		109.71	171.72	127.18	170.06
Euro-Pacific (1607)19		1.6	177.22	145,46	171.69	159.27	0.6	2.04	191.10	174.95	147.01	188.24	158.01		173.55	
North America (765)33		1.4	301.32	247.33	291.90	329.52	1.4	1.80	325.52	298.01	250.42		324.94		248.66	259.59
Europe Ex. UK (514)23		0.5	211.77	173.83	205.16	216.38	0.6	2.08	230.86	211.35	177.59			232.07	185.85	189.23
Pacific Ex. Japan (397)30		-0.0	278.38	228.50	289.68	285.35			305.08	279.28	234.69		285.52		268.97	299.94
							-0.1	2.78								186.84
World Ex. US (1821)		1.6	180.20	147.91	174.57	165.44	0.6	2.03	194,46	178.03	149.59	171.20	184.14		176.84	
World Ex. UK (2262)23		1.6	216.22	177.47	209.46	209.33	1.1	1,73	239.28	213.57	179.48		208.94		199.58	208.99
World Ex. Japan (1988)30	0.34	1.1	274,07	224,96	265.50	290.00	1.1	2.14	297.10	271.29	229,55	261.58	296.75	300.34	233,10	241.19
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The World Index (2473)......242.28 1.5 221.09 181.48 214.18 215.14 1.1 1.92 238.96 218.49 183.60 210.11 212.78 242.28 202.32 211.11